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84TH CONGRESS }
1st Session }

SENATE

{REPORT
{No. 404

HOUSING ACT AMENDMENTS OF 1955

REPORT

TOGETHER WITH

INDIVIDUAL VIEWS OF MR. BUSH

OF THE

COMMITTEE ON
BANKING AND CURRENCY

TO ACCOMPANY

S. 2126



JUNE 1 (legislative day, MAY 2), 1955.—Ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1955

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HOUSING ACT AMENDMENTS OF 1955

JUNE 1 (legislative day, MAY 2), 1955.—Ordered to be printed

MR. SPARKMAN, from the Committee on Banking and Currency;
submitted the following

REPORT

[To accompany S. 2126]

TOGETHER WITH INDIVIDUAL VIEWS OF MR. BUSH

The Committee on Banking and Currency, having considered the same, report favorably a committee bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, and recommend that the bill do pass.

INTRODUCTION

The Committee on Banking and Currency has held hearings on, and considered in executive session, the following bills: S. 789, S. 1022, S. 1412, S. 1501, S. 1565, S. 1642, S. 1744, S. 1766, and S. 1800. From these bills, and from amendments and suggestions received by the committee (including S. 2006 and S. 2045), an original bill was drafted by the committee and is herewith reported.

The bill, as reported, is a comprehensive measure designed to extend and clarify laws relating to housing, to assist our people to acquire good homes, and to assist our communities to develop wholesome neighborhoods. In addition to general housing amendments, the bill provides programs in the areas of public facilities loans, college housing, armed services housing, smoke elimination and air-pollution prevention, and farm housing.

HOUSING AND MORTGAGE MARKETS

According to the Federal Reserve Bulletin of May 1955, the number of new private dwelling units started this year has been at a seasonally adjusted annual rate close to 1.4 million units.

The table below, from that publication, indicates the distribution of housing starts as between public and private, and among FHA, VA, and conventional financing, for periods from 1950 through 1955.

Non-farm-housing units started

[Numbers in thousands]

Period	Total	Private	Public	Percentage distribution of private units by type of financing		
				Federally underwritten		Conventional or no mortgage
				FHA-insured	VA-guaranteed	
Annually:						
1950.....	1,396	1,352	44	35	15	50
1951.....	1,091	1,020	71	26	15	60
1952.....	1,127	1,069	59	26	13	61
1953.....	1,104	1,068	36	24	15	62
1954.....	1,221	1,201	19	23	26	51
January to April:						
1950.....	412	407	5	31	13	56
1953.....	369	346	23	23	12	65
1954.....	345	339	6	22	18	60
1955.....	422	419	3	22	28	50

NOTE.—Data are from the Bureau of Labor Statistics, Federal Housing Administration, and Veterans' Administration. Federally underwritten refers to units started under commitments of FHA or VA to insure or guarantee the mortgages.

As the Federal Reserve Bulletin states, the increased volume of housing starts in 1955, compared with 1954, reflects chiefly a doubling in the number of units started under arrangements for Veterans' Administration guaranty. From the table, it will be noted that this category accounts for 28 percent of private housing starts this year, a much greater proportion than in any previous comparable period.

In referring to reports of both the FHA and the VA made available to him, Dr. Arthur F. Burns, Chairman of the Council of Economic Advisers, says:

Certainly the reports do not suggest a generally overbuilt housing situation at this time, though a number of areas are indicated in which steps are needed to prevent an emergence of a serious problem * * *. In most areas finished houses are moving promptly into the hands of buyers and * * * prices and rents are fairly stable.

In referring to statements that net family formation has fallen below the level of new housing starts, Dr. Burns says:

Net family formation is only one factor in the demand for housing * * *. The demand for housing is affected by changes in individual and family incomes, * * * family composition, * * * shifts of population, * * * intensity of the use of existing dwellings, * * * tendency for older couples to retain their homes for longer periods than formerly, by demolitions, and by the abandonment or conversion of improvised dwellings that came into use during periods of acute housing shortage.

Dr. Burns refers to the authority of both the FHA and the VA to limit the issuance of insurance commitments so as to keep local building in line with demand. He concludes by saying:

As of today my judgment is that the corrective measures that have been taken so far are adequate to meet the needs of the present situation.

The committee agrees with Dr. Burns, however, that "it is necessary nonetheless to keep the whole problem under close and constant observation" and the committee intends to do so.

FHA considers housing demand generally strong in the great bulk of the markets. In a few localities it has found evidence of housing surpluses, and the Administrator has taken the position that these should be dealt with as problems of the localities in which they may exist. In some 18 localities FHA has restricted its commitments. FHA has discretion to do this and to take other action to protect the Government's and the homeowner's investment in housing. The committee expects this to be done.

TITLE I—GENERAL HOUSING AMENDMENTS

FEDERAL HOUSING ADMINISTRATION

EXTENSION OF TITLE I HOME REPAIR AND MODERNIZATION

Title I of the National Housing Act, authorizing the FHA repair and modernization program, would expire under existing law on June 30 of this year. The bill would extend title I for 5 years, which is similar to the most recent extension of the title from March 1, 1950, to July 1, 1955. The bill also increases from \$2,500 to \$3,000 the maximum amount of a home-improvement loan under the title I program. The \$2,500 ceiling was established in 1934 and does not recognize the increases in the costs of home repairs which have occurred since that date. Although the committee received recommendations that the ceiling amount should be raised as high as \$3,500, we believe that the \$3,000 ceiling is adequate.

FHA insurance for this type of credit encourages lenders to make the loans available to eligible borrowers, particularly in smaller communities, who might otherwise have difficulty in arranging loans. Without such insurance, credit for home-repair purposes would not be as readily available as consumer credit for other consumer durable goods, such as automobiles and appliances. In other fields, the dealer frequently receives credit support from the manufacturer. In the case of home-repair loans, however, manufacturers of building products are each likely to have a relatively small financial interest in the repair or improvement job done by the local firm. The manufacturer or wholesale supplier is thus rarely interested in backing up credit for a repair or improvement job, especially when the largest cost item is labor at the site. Also, consumer items can normally be made subject to a chattel mortgage and can be repossessed, while items financed under title I become part of the house and cannot be repossessed. Neither is it generally practical in the case of a repair loan to go through the expense of obtaining real-property mortgage security. For these reasons home repair or improvement loans, in the absence of title I aids, would be unavailable to many borrowers, or else be available only at much higher interest rates or fees.

GENERAL MORTGAGE INSURANCE AUTHORIZATION

Earlier this year, the Congress enacted legislation increasing the FHA general mortgage insurance authorization by \$1½ billion. This committee's report on that legislation (S. J. Res. 42) indicated that such increase was recommended to permit continuation of FHA mortgage insurance operations on a temporary basis until the Congress had an opportunity to consider an increase in sufficient amount to cover operations for the next fiscal year. This bill would provide that increase. It would authorize FHA mortgage insurance up to the aggregate of outstanding insurance liability and commitments on June 30, 1955, plus \$4 billion. The amount of unused authorization under existing legislation remaining on June 30, 1955 (estimated at \$600 million), would be merged with the new additional authorization. Thus the actual increase in authorization provided by the bill would probably not exceed \$3,400 million.

Administration estimates of operations during the 1956 fiscal year predict a gross use of the general mortgage insurance authorization totaling about \$7,400 million. After allowance for return of authorization through expiration of commitments, scheduled repayments on insured mortgages, and prepayments of such mortgages, the net use of such insurance authorization during that fiscal year is estimated at approximately \$4 billion.

COOPERATIVE HOUSING

The bill contains provisions designed to reactivate the cooperative housing program. This program, authorized by the Congress in 1950, provides special mortgage insurance advantages to cooperatives organized to build and operate housing for occupancy of their members, or to construct homes for their members. It was a successful program for the middle-income group, and almost 300 projects, containing a total of more than 32,000 dwelling units, were built. However, since the enactment of certain restricting provisions in the Housing Act of 1954, this program has virtually ceased, except for projects covered by prior commitments.

The committee believes that one of the principal obstacles to the success of this program is an amendment enacted last year which had the effect of reducing the maximum amount of the mortgage eligible for insurance. This amount had previously been determined on the basis of the estimated "replacement cost" of the project. The amendment changed this basis to estimated "value." This bill would return to the use of "replacement cost" in determining maximum mortgage amount.

As a second step to make this program operative, the bill would authorize the Federal National Mortgage Association to make advance commitments to purchase cooperative housing mortgages in a total amount not to exceed \$50 million. Not more than \$5 million of this special authorization could be made available in any one State.

Another amendment would permit cooperative housing groups to use cooperative housing mortgage insurance to acquire Government-owned housing being disposed of under other provisions of law.

It is the committee's intention that the Federal Housing Administration take affirmative action to make this program operative and

effective, to expedite it, and to eliminate administrative obstacles. The committee also requests the FHA to make every effort, through its regulations, procedures, and other actions, to encourage the formation of genuine consumer-sponsored cooperatives. The purposes of this program can be best realized in cases where the cooperatives, from their inception, consist of members who actually intend to occupy the units to be constructed and who join the cooperative for that purpose.

MORTGAGE INSURANCE FOR HOUSING IN URBAN RENEWAL AREAS—
SECTION 220

The National Housing Act provides for a special mortgage insurance program to assist the construction and rehabilitation of housing located in urban renewal areas. This is designed to assist municipalities in eliminating and preventing the spread of urban slums and blight. Although there has been general interest in the program by builders and lenders, it has not produced any housing. Testimony before the committee shows that one of the principal obstacles is the use of "estimated value" as the basis for determining a maximum mortgage amount. Under the "estimated value" concept, the FHA has been unwilling to recognize the ultimate value of a project constructed in the midst of a blighted area, even though such area is planned for eventual rehabilitation. This bill would provide that the maximum mortgage amount be computed on the basis of the "estimated replacement cost." Under this concept, the committee hopes that the program can begin to serve the purpose for which it was created.

MORTGAGE CEILINGS FOR MULTIFAMILY HOUSING

The bill would clarify the present mortgage limitations in the National Housing Act with respect to multifamily projects. The act now makes a \$5 million mortgage limitation generally applicable to all such projects with private sponsorship. Although the statute technically appears to apply only to the maximum mortgage amount, the committee has been informed that the underlying congressional intent has been variously interpreted by different persons or groups. It is important that the limitation in the law be definite and firm, but realistic in terms of present costs and the type of project to be undertaken. The limitation would be increased to \$12,500,000 to conform to estimated increases in building construction costs since the limitation was first imposed. On the other hand, the limitation would be applied both to each individual mortgage and to the total amount of commitments outstanding at any one time under each section of the act with respect to projects in the same housing market area which involve the same mortgagor (or mortgagors under substantially the same control). The limitation would not apply to two or more mortgages, even though the sponsors were the same and the structures on contiguous sites, if the mortgages are not simultaneously in the commitment stage (that is, the stage prior to the completion of the project and final endorsement of the mortgage for insurance). In such cases, no additional commitments would be made available until the marketability of such units had been established by the response to the previous project.

In the case of mortgage insurance under section 220 of the National Housing Act for multifamily projects in urban renewal areas, the mortgage limitation would be \$50 million. This is the same amount now provided elsewhere in section 220 and in the act (covering the regular FHA insurance for rental housing) where the mortgagor is a public body or subject to certain supervision under State or Federal law.

PARKS FOR MOBILE HOMES

The bill would make FHA mortgage insurance under the regular multifamily housing program available for mortgages on mobile home courts or parks. These mortgages would be limited to \$300,000 per mortgage and \$1,000 per mobile home space. This mortgage insurance would not relate to the mobile homes, but to the land, utilities, and other improvements where the mobile homes are to be located.

Testimony presented to the committee states that there are some 1,200 mobile home parks and that about 2 million persons live in trailers or mobile homes. It has also been represented to the committee that almost 85 percent of all mobile homes are designed primarily for semipermanent park use. They are often used by military personnel, industrial and agricultural workers, and retired couples. It has also been explained to the committee that there is a need for adequate trailer parks and for mortgage insurance to assist their financing. The requirement of law that the project covered by the mortgage be "economically sound" would apply to an insured mortgage on a trailer park, and it is expected that FHA will impose such additional requirements and standards as necessary to assure that mortgage insurance for these parks will improve the living conditions of the occupants of mobile homes.

EXTENSION OF TITLE IX OF NATIONAL HOUSING ACT FOR DEFENSE AREAS

The bill would extend title IX of the National Housing Act, and certain other special aids for critical defense housing areas, for 1 year on a standby basis. This continues the present status of these aids, which requires special action by the President for each new project undertaken. Although these authorities have been used to only a small extent during the last year, the committee believes that they should continue to be available for any new defense need which might arise.

MISCELLANEOUS FHA AMENDMENTS

Settlement of certificates of claim.—The bill contains an amendment which would enable the FHA to make final settlement of certificates of claim held by mortgagees, and refunds to mortgagors, at any time after the FHA sells or transfers title to sales housing, acquired by FHA in cases of defaulted mortgages. The provision would apply to mortgages insured pursuant to commitments for insurance issued on or after July 1, 1955. Also, if the mortgagee or mortgagor consents, the provision would apply to mortgages insured pursuant to commitments issued prior to that date. It would carry out a recommendation made by the General Accounting Office for the purpose of saving personnel expenditures and other administrative expense.

Section 221.—The bill contains two further amendments which relate to the mortgage insurance program for families who leave

urban renewal areas. First, the bill would remove the cost certification requirements from mortgages on single-family homes under this program. This is the only section of the National Housing Act where cost certification is now applicable to housing built for sale. Cost certification does not properly apply to sales housing, because the profit of the builder is determined by the sales price rather than the maximum amount of the mortgage established by FHA. Second, the bill would broaden the category of families eligible for occupancy in housing assisted under this program. Under existing law, these families are limited to those "displaced" from urban renewal areas. The bill would permit families to be eligible who voluntarily leave the urban renewal areas.

Small rental or cooperative projects.—By regulation, the FHA permits projects to obtain the benefits of the cooperative and regular rental housing programs only if each project has 12 or more units. The bill would specifically authorize any project to be eligible if it has eight or more units. Such insurance would meet a real need in many cases without adding unduly to the FHA insurance risk involved.

Transient use of multifamily housing.—Last year, the committee recommended and the Congress enacted, as part of the Housing Act of 1954, specific prohibitions against transient occupancy of multifamily housing covered by FHA mortgage insurance. Certain exceptions were made for resort areas. It was not the committee's intention that this exception be applied to large cities or metropolitan areas which are only incidentally resort areas, and the FHA is requested to limit its application of the exception accordingly.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

CAPITAL CONTRIBUTIONS BY MORTGAGE SELLERS

The Housing Act of 1954 rechartered the Federal National Mortgage Association with substantial changes in its authority and with provision for the eventual substitution of private capital for Government investment in its secondary market operations. The Association was required (under its regular secondary market operations) to accumulate funds from private sources by requiring each mortgage seller to make a capital investment equal to not less than 3 percent of the unpaid amount of the mortgages sold to the Association, or such greater amount as the Association determined. These provisions have resulted in only a small investment of private capital. This bill would reduce the required investment from 3 percent to 2 percent in the hope of inducing more private investment.

OTHER FNMA AMENDMENTS

The bill would amend the charter of FNMA to require that the mortgages purchased by it in its regular secondary market operations must be purchased at prices which are on a uniform national basis. The committee believes that similar mortgages purchased by the association from various areas should be purchased at the same price, so that lenders and home purchasers in all areas of the country will be treated equally.

SLUM CLEARANCE AND URBAN RENEWAL

CAPITAL GRANT AUTHORIZATION

Under the provisions of the Housing Act of 1949, capital grants in the aggregate amount of \$500 million were authorized to assist in carrying out the slum clearance and urban redevelopment program, and this capital grant authorization was made available for the broader urban renewal program under the Housing Act of 1954. The bill would increase that authorization by an additional \$212,500,000 to be made available on July 1, 1955, and another \$212,500,000 to be made available on July 1, 1956. Also, the President would be authorized to increase the authorization at any time or times by not to exceed \$100 million.

By June 30 of this year, the entire \$500 million capital grant authorization undoubtedly will be committed, including the \$50 million reserve for overruns. By December 31, 1955, it is estimated that capital grants in the aggregate amount of \$585 million will be committed, of which \$60 million will represent a reserve for overruns. By June 30, 1956, a total of \$700 million will have been committed under the present program, of which \$70 million will constitute a reserve for overruns. The Housing and Home Finance Agency advises that thereafter the commitment of capital grants will increase at a more rapid rate. The scope of the present program and the anticipated increase in the number of municipalities that will participate will accelerate capital-grant commitments to the point that about \$1 billion of capital grant authorization would be fully committed by about June 30, 1957 (an additional \$25 million would be added to this amount for the purpose explained below under "Use of blighted vacant areas for industrial purposes").

The need for legislation at this time providing for the additional authorization required for use over a period of more than 2 years arises out of the type of program involved. Many months of preliminary work are required to develop an urban renewal project. In order to participate, the local community must make long-range plans involving such matters as establishing and maintaining an appropriate urban renewal organization, making surveys, preparing plans, revising capital improvement programs, and providing funds. For these reasons, local communities need assurance that capital-grant funds are authorized and will be available at the time needed. Even planning advances for a project are not normally made unless there is available adequate capital grant authorization to cover the project. The additional authorization is thus essential to enable local communities to commence and carry out necessary preparatory activities and to keep the urban renewal program moving forward.

LIMITATION ON CAPITAL GRANT AUTHORIZATION FOR ANY ONE STATE

Under existing law, not more than 10 percent of the total capital grants authorized may be expended in any one State, except that an additional \$35 million may be allocated for use in States where more than two-thirds of the amounts they could otherwise receive have been legally obligated. It should be noted that this amount is part of, and not in addition to, the amount of capital grants to be author-

ized. The bill would raise the present \$35 million amount to \$70 million. Your committee has been advised that by June 30, 1955, the existing amount will be insufficient to cover needs in several States.

USE OF BLIGHTED VACANT AREAS FOR INDUSTRIAL PURPOSES

Under existing law applicable to the slum clearance and urban renewal program, land which is not predominately residential in character cannot (except for a very limited type of case) be developed for industrial or other nonresidential use. Also, if the land is open (as distinguished from "predominately open"), capital grants cannot be made. The committee is informed that there are open or predominately open blighted areas which could be developed for industrial uses to conform to sound planning principles. These areas are typically adjacent to railroads or industrial property and were platted for residential uses in past years but were never developed. The bill would permit financial assistance to be extended for the development of these areas for industrial use. The local public agency must determine that such redevelopment is necessary and appropriate to facilitate the proper development of the community in accordance with sound planning standards. Also, standard housing must be made available to any families displaced by such projects, and these families must be otherwise assisted as may be necessary in connection with their relocation. Not more than 5 percent of all funds allocated to any local public agency under title I could be expended for its projects under this new authority.

To provide funds for this type of project, without diverting funds from types now authorized, an increase has been made in the capital grant authorization. The total additional provided in the bill is \$525 million, or \$25 million above the amount necessary for types of urban renewal projects now authorized.

PUBLIC HOUSING

EXTENSION OF AUTHORITY TO ASSIST COMMUNITIES UNDERTAKING LOW-RENT HOUSING

Following very extensive and thorough studies and hearings by this committee and by other committees of the Congress, the Housing Act of 1949 was enacted with provisions authorizing a program of financial assistance for 810,000 low-rent public housing units to be built, owned, and operated by local public bodies. A limit of 135,000 dwelling units a year was imposed. In the last few years further limitations have been imposed which, in effect, continue the program on a year-to-year basis for a prescribed number of units each year. The current authorization of contracts for an additional 35,000 units expires on June 30 of this year.

The committee determined that the annual rate of 35,000 units is unrealistic in terms of need. For example, the mayor of Philadelphia testified that his city alone needed 70,000 units just to house the low-income families who were living in slum sections in 1950. Also, the committee believes that the provisions of existing law, which restrict additional public housing to the number of families displaced

by slum clearance and urban renewal or other governmental actions, should be repealed. Repeal of these restrictions is necessary to assist in meeting the urgent housing needs of other low-income families, including those (1) who leave the slums on their own initiative without being forced out as a result of governmental action, (2) who are displaced by private enterprise which is clearing a slum site on its own initiative, or (3) who are displaced as a result of fire or other catastrophe.

Accordingly, the bill would authorize the Public Housing Administration to enter into new contracts for loans or annual contributions for up to 135,000 additional dwelling units during any fiscal year, until the original 810,000-unit authorization is exhausted. The unused amount of authorization now in effect for 1955 would be preserved and added to the 135,000 dwelling units authorized for fiscal year 1956.

The bill contains a further amendment increasing, from 10 percent to 15 percent, the total amount of annual contributions or grants which can be expended for low-rent public housing in any one State. The 10-percent limitation is too restrictive in the case of some States.

HOUSING FOR ELDERLY FAMILIES AND SINGLE PERSONS OF LOW INCOME

The bill contains special provisions designed to assist in meeting the housing problems of elderly persons of low income. With the increasing number of elderly persons, there is a growing need for recognizing their special problems in Federal assistance programs relating to housing needs and standards of living. Housing for elderly persons of low income, both families and single persons, is an important phase of the overall problem of assistance for the aged. The facilities of the low-rent housing program afford a very convenient and desirable vehicle, both administratively and legally, for helping to meet part of the housing needs of these families. The bill provides as follows:

First, the United States Housing Act of 1937 would be amended so that "single persons 65 years of age or over" would be eligible (on the same basis as families of 2 or more) for low-rent housing projects.

Second, an occupancy preference, second only to that of families displaced by governmental action, would be given to elderly persons. The preference would be limited in any year to 10 percent of the estimated number of all families to be admitted to the low-rent housing of the particular local public housing agency involved.

Third, with respect to all low-rent housing for elderly persons, the Public Housing Commissioner would be authorized to waive the existing requirement that eligible families must either come from unsafe, insanitary, or overcrowded dwellings or have been displaced by urban renewal or other governmental action.

Fourth, a special authorization would be provided for projects containing low-rent housing reserved in whole or in part for occupancy by elderly persons. The Public Housing Commissioner would be authorized, with the approval of the President, to enter into contracts for annual contributions up to \$3 million per annum in respect to such housing in fiscal year 1956 and in each of the 4 succeeding years (in addition to contracts for annual contributions authorized by other provisions of law). The Commissioner would be authorized to commence the construction of not to exceed 10,000 dwelling units in each of the fiscal years, in addition to other units authorized. In respect to

dwellings assisted under this authority the local housing authorities would be required to give a first preference to elderly persons of low income under regulations prescribed by the Public Housing Commissioner. These units would be designed specifically for occupancy by elderly persons and the construction cost limitation per room would be waived in view of the smaller number of rooms per dwelling unit.

Fifth, where low-rent housing is being operated in an area of acute housing shortage for elderly persons of low income, local public housing agencies could be authorized to reconstruct or remodel such housing to provide dwellings for such persons without regard to the existing construction cost limitation per room.

Sixth, the Public Housing Commissioner would be authorized in future assistance contracts, or in any renegotiated contracts, to permit elderly persons of low income in the low-rent housing program.

LANHAM ACT AMENDMENTS

Section 607 of the Lanham Act (Public Law 849, 76th Cong., as amended) contains the general authority for the disposition of the permanent war housing provided under that act, including all property, real or personal, acquired for or held in connection therewith. In such disposition, certain preferences are granted to occupants and veterans. The bill would amend that section by adding the following:

In the disposition of any lands under this section which were acquired by the United States, the Administrator may, notwithstanding the order of preference provided in this section, grant a first preference to the former owners of such lands in the purchase thereof for such period and under such conditions as he may determine to be appropriate and in the public interest.

The bill would also amend section 607 of the Lanham Act to provide that in the case of Project Indiana, 12021 (Southmore Heights), the terms of sale to any tenants and cooperative which is a preference purchaser shall not require a down payment. In prescribing certain terms of sale under the existing section 607, the section does not prescribe any downpayment, but does provide that—

in the case of projects initially programed as mutual housing communities under the defense housing program, the terms of sale shall not require a downpayment.

The bill would thus place the above project in the same category in this regard as the projects initially programed as mutual housing communities.

HOME LOAN BANK BOARD

ESTABLISHMENT OF FEDERAL HOME LOAN BANK BOARD AS AN INDEPENDENT AGENCY IN THE EXECUTIVE BRANCH

This bill would remove the Home Loan Bank Board, including the Federal Savings and Loan Insurance Corporation, from the Housing and Home Finance Agency and establish the Board as a separate independent agency in the executive branch of the Government. The name of the Board would be changed to Federal Home Loan Bank Board.

The Home Loan Bank Board was the first of the existing agencies established by the Congress to assist in the financing of home construction and purchase. From its creation, in 1932, until 1939 the Board

was an independent agency. In 1939, it was made a part of the then Federal Loan Agency. In 1942, it became a part of the agency which is now the Housing and Home Finance Agency. The Board now operates under the general supervision and coordination of the Housing and Home Finance Administrator.

The Board is essentially a regulatory agency. It exercises administrative, legislative, and judicial powers somewhat analogous to those performed by the Federal Deposit Insurance Corporation and the Federal Reserve Board. It is, therefore, incongruous that it should be subject to the authority of the Housing and Home Finance Administrator to transfer funds and functions to other agencies within his jurisdiction as is now provided by law. Most, if not all, comparable regulatory agencies have independent status, reporting directly to the Congress and to the President. The Federal Home Loan Bank System, furthermore, is a mutual institution, owned entirely by its members, although there is some contingent Federal liability as there is in the FDIC. No appropriation of Federal funds is made for its operation.

CHANGE IN AMOUNT OF REQUIRED STOCK SUBSCRIPTION BY MEMBER OF FEDERAL HOME LOAN BANK

The Federal Home Loan Bank Act, enacted in 1932, originally required that each institution eligible for membership in a Federal home-loan bank must subscribe to the stock of that bank in an amount equal to at least 1 percent of the aggregate unpaid principal of all the home mortgage loans held by such institution (but not less than \$1,500, which amount was later reduced to \$500). That requirement was not changed further until 1950 when a new subsection 6 (1) was added to the act requiring an increase in the amount of stock subscription from 1 percent to 2 percent for the purpose of acquiring additional funds to enable the Federal home-loan banks to retire all Government stock holdings in these banks. All of the stock held by the Government in these banks has now been retired and there is no longer necessity for the higher stock ownership. Therefore, the bill would provide that the Board could determine the amount of required stock subscription, but that in no event could it be less than 1 percent nor more than 2 percent of the aggregate of the member's home mortgage loans. However, it would be provided that this would not reduce at any time the amount of stock required to be held by a member below the amount required to be held as of the date of enactment of this bill.

An additional safeguard which would avoid any substantial reduction in the amount of stock subscriptions arises from the existing requirement in section 10 (c) of the Bank Act that at no time shall the aggregate advances by a Federal home-loan bank exceed 12 times the amount of bank stock held by the member institution. Any appreciable increase in demands by a member institution for advances from the bank would, in most cases, necessitate an increase above 2 percent in subscriptions to the bank stock in order to maintain the required 12-to-1 ratio.

RETIREMENT OF FSLIC STOCK HELD BY THE GOVERNMENT

Another provision relating to the Home Loan Bank Board is the retirement of the capital stock which the Government holds in the Federal Savings and Loan Insurance Corporation. The Corporation would, within 60 days after the enactment of the bill, retire all its capital stock—amounting to about \$66 million—by paying the par value of the stock to the Treasury, along with dividends accruing since the end of fiscal year 1954.

In order to obtain funds for the retirement of the stock, the Corporation would, promptly after the enactment of the bill, issue its debentures to the Federal home-loan banks in a face amount equal (except for rounding to multiples of \$100) to the par value of the Treasury stock to be retired. The Federal home-loan banks would each purchase debentures in proportion to the amounts of their own outstanding stock. The debentures would bear interest at a rate determined by the FSLIC, after consultation with the Secretary of the Treasury, taking into consideration the rate being paid by the Treasury on outstanding marketable obligations having a maturity from date of issuance of not less than 30 nor more than 42 months. This average maturity of 3 years was chosen because it is expected that the debentures will be retired in somewhat less than 3 years.

The debentures would be retired by applying 50 percent of the net income of the FSLIC to that purpose each year. This is the same percentage as is being applied under present law to the retirement of the Government's stock in the FSLIC. In order to hasten the retirement of the debentures, thereby terminating the obligation to pay dividends, the annual premium rate charged by the FSLIC would be increased from one-twelfth of 1 percent of the accounts and obligations of the insured institutions to one-eighth of 1 percent until after the debentures are retired. The premium rate would, soon after the debentures are retired, automatically revert to one-twelfth of 1 percent.

It should be pointed out that the retirement of the Government-held FSLIC stock with the proceeds of debentures to be retired over a brief period, as provided in the bill, would avoid any permanent drain on the FSLIC reserves. This drain on reserves would not be avoided if the Government-held stock were merely replaced with stock or long-term debentures held by others who would receive a return therefore during an indefinite or lengthy period.

TERMINATION OF BANK MEMBERSHIP

The bill would amend the Federal Home Loan Bank Act so as to provide that any member institution may be removed from membership if in the judgment of the Board the character of such institution's management or its home-financing policy is inconsistent with sound and economical home financing or with the purposes of that act.

The Bank Act currently provides that no institution shall be eligible to become a member of a bank if in the judgment of the Board its financial condition is such that advances may not safely be made to it or if the character of its management and home-financing policy is inconsistent with sound and economical home financing or with the

provisions of the act. There is, however, no provision for removal of a member institution on these grounds once the institution becomes a member of the Federal Home Loan Bank System. The amendment provided by the bill would thus fill a gap in the statutory authority of the Board to terminate benefits to unsound institutions.

The bill also expressly provides that a Federal savings and loan association may not voluntarily withdraw from membership. These institutions are required by law to become members of a Federal home-loan bank. The present law requiring these institutions to be insured does not permit them to voluntarily cancel insurance of accounts by the Federal Savings and Loan Insurance Corporation.

INCREASE IN THE NUMBER OF ELECTED DIRECTORS IN CERTAIN FEDERAL HOME-LOAN BANKS

The Federal Home Loan Bank Act presently provides for a board of 12 directors in each Federal home-loan bank. Eight directors are elected to each board by the members of the bank and four are appointed by the Home Loan Bank Board. The bill would permit the Board, in any district in which there are more than four States (that is, more than half the number of elected directors) to increase the directorate so that there could be as many as, but not more than, twice as many elective directors as there are States.

Proper recognition cannot, in all cases, be afforded, because certain of the Federal home-loan bank districts, such as the Greensboro district, with 7 States and the District of Columbia, and the San Francisco district, with 9 States as well as Alaska, Hawaii, and Guam, contain so many basic units. At present, the Board in its regulations attempts to provide for each State to be represented on the board of directors of the bank of its district. In the case of the San Francisco district this is at present impossible and the Board has been compelled to adopt the method of treating two States as if they were one. Furthermore, the present law so limits the elective directors that fair consideration cannot be effected giving recognition to the relative financial importance of the institutions in the various States, while recognizing representation for all States.

FSLIC ADMISSION FEE

The present law requires that the Federal Savings and Loan Insurance Corporation charge (in addition to premiums) a fee as an initial payment for obtaining insurance coverage. That admission fee is now based upon the reserve fund of FSLIC and must constitute an equitable contribution to that fund. The bill would change that requirement to provide that lending institutions applying for insurance hereafter shall pay an admission fee as determined by FSLIC, taking into consideration the cost of processing the applications. This would carry out a recommendation of the General Accounting Office and make the admission fee requirement more consistent with general insurance operations.

COMMUNITY FACILITIES ADMINISTRATION

RESERVE OF PLANNED PUBLIC WORKS

The bill would modify and extend the third public works advance planning program authorized by the Housing Act of 1954. The bill would make the following changes in the present law:

(1) The Housing Administrator would be authorized to establish a revolving fund for the making of planning advances. In addition to the \$10 million authorized to be appropriated by the Housing Act of 1954, there would be authorized to be appropriated to the fund \$12 million, \$12 million, and \$14 million to be made available on or after July 1, 1956, 1957, and 1958, respectively. In addition, there are authorized such appropriations as may be necessary to maintain not to exceed a total of \$48 million in outstanding advances.

(2) Advances outstanding to public agencies in any one State would be limited to not more than 10 percent of the aggregate then authorized to be appropriated to the revolving fund. Under the present law not more than 5 percent of appropriations may be expended in any one State.

(3) The July 1, 1957, expiration date for the present program would be eliminated.

(4) As under the present law, local public agencies must agree to complete the plan preparation promptly and to repay advances when the construction of the public works is started. Provisions would be added to require a public agency to repay only proportionate amounts of advances when only a portion of the construction is undertaken by the local agency.

TITLE II—PUBLIC FACILITY LOANS

For 21 years the Public Agency Division of the Reconstruction Finance Corporation assisted municipalities in financing public facility improvements, such as sewage and water distribution systems. During this time, the program, aggregating more than \$1.5 billion, was operated without loss to the Federal Government. Upon the dissolution of the RFC, the authority for this program was specifically retained, to be operated by an agency to be designated by the President. When such an agency was not designated, this committee recommended and the Congress approved legislation directing the Housing and Home Finance Agency to administer the program. However, in hearings this year the Commissioner of the Community Facilities Administration, HHFA, testified that only \$2 million had been made available by appropriations last year for this program. He also stated that of 308 applications, only 7 had been processed and that most prospective applicants have therefore been discouraged.

Title II is intended to revive this program on an operating basis. It creates a revolving fund not exceeding \$100 million outstanding at any one time. The fund would be established and maintained by HHFA through borrowings from the Treasury at rates of interest established by the Treasury, taking into consideration the current average rate on outstanding United States obligations of comparable maturities at the time of issuance.

The committee contemplates that the interest rate under this program will be a rate not in excess of that required to cover costs of borrowed money, costs of administration, and a reasonable reserve for losses.

The bill provides for a definite priority in administration to applications of smaller municipalities (defined as those with less than 10,000 population). Maturities would be limited to 40 years.

Although it was proposed that a separate corporation be established to administer this program, the bill designates the Community Facilities Administration of the HHFA as the responsible agency. This specific designation is intended to constitute assurance that the program will not be neglected.

In addition to the strong public interest indicated in this program through its sponsorship by 24 Senators, testimony shows clearly the need for the program, particularly in the Southern and Western States.

TITLE III—COLLEGE HOUSING

In 1950 Congress recognized the critical housing needs of students and teachers in colleges and universities all over the country. To help meet this need the Housing Act of 1950 inaugurated a program of long-term loans at low interest rates to provide funds for construction of dormitories and residences. Due to the Korean conflict, the program did not become generally effective until 1953.

Title III of this bill is intended to renew and invigorate this program. It expands the purposes of the loans to include such other revenue-producing educational facilities as cafeterias, dining halls, student centers, infirmaries, and other essential service facilities, but not including such items as gymnasiums or stadiums. It extends the program specifically to junior colleges and to educational or philanthropic institutions established for the sole purpose of providing housing or other educational facilities for students and faculty. The bill increases the total ceiling on such loans from \$300 million to \$500 million. It fixes the rate of interest which the Housing and Home Finance Agency pays to the Treasury at $2\frac{1}{2}$ percent, or the average rate on all interest-bearing obligations of the United States, whichever is the higher. It fixes the rate which HHFA shall charge colleges at $2\frac{3}{4}$ percent, or one-fourth of 1 percent more than that paid by HHFA to Treasury, whichever is the higher. It also provides that HHFA shall make loans only if the borrower cannot obtain equally favorable terms and conditions from private sources. The rates of interest established by the bill, in the judgment of the committee, should be adequate to provide a program without Federal subsidy, especially in view of the testimony that there has been an extraordinarily good repayment record on such loans. Mr. R. B. Stewart, vice president and treasurer, Purdue University, stated that even during the 1930's there was no record of any loss of principal on college housing loans.

The committee's decision to strengthen the college housing program was influenced by several factors. Enrollment in our colleges in 1954 reached an alltime high of $2\frac{1}{2}$ million. It is expected that by 1960 enrollment will reach 3 million and by 1965, 4 million. This anticipated gain is attributed to normal population growth accentuated by the high birthrate of the 1940's. Present housing is entirely inadequate to meet the needs for enrollment even for the immediate future.

A survey released on April 3, 1955, shows approximately two-thirds of the Nation's degree-granting institutions in need of financial assistance. The survey revealed that at least one-half of the Nation's colleges and universities are operating with deficits, ranging on an annual average basis from \$30,000 to \$194,000. The 753 institutions surveyed were asked to express their need for funds in terms of preferred usage, i. e., buildings, endowments, salary increases, scholarships, new equipment. All but one category of institutions indicated capital funds for buildings as the greatest need. Six-hundred and thirty institutions reported their need over the next 10 years for buildings, improvements, equipment, and maintenance to be over \$2½ billion, an average of over \$4 million per institution.

This bill will help public and private educational institutions meet these needs, without cost to the Federal Treasury.

TITLE IV—ARMED SERVICES HOUSING MORTGAGE INSURANCE

The FHA has advised the committee that since the enactment of the Housing Act of 1954, no housing has been started under the provisions of title VIII (military housing) of the National Housing Act. In order to revive an armed services housing program, the committee concluded that the most practical approach to this problem is to utilize more effectively the facilities of the armed services, private capital, and the FHA.

In order to achieve the purposes of this program, the bill provides for a Special Assistant to the FHA Commissioner, whose sole responsibility will be to expedite operations under the armed services housing program.

The bill would authorize the Secretary of Defense to enter into contracts with builders for the construction of housing for armed services personnel on lands owned or leased by the United States and situated on or near armed services installations. Contracts would be made with builders whose eligibility is determined by the Secretary of Defense and the FHA. Contracts would be awarded to builders who submit the lowest acceptable bids on the basis of FHA-approved plans and specifications.

The builder would finance the construction of the housing through mortgage borrowings insured by the FHA. After construction, the Secretary of Defense would assume responsibility for management and operation of the housing and would assign armed services personnel to this housing in the same manner as to other public quarters. The Secretary would assume the obligation of the mortgage.

The aggregate amount of contingent liability outstanding at any one time under insured mortgages and commitments to insure under this program would be limited to \$1,350 million. The duration of the program is 3 years. The Federal National Mortgage Association would be authorized to provide a secondary market for the mortgages.

The bill also authorizes the Secretary of Defense to acquire by purchase, donation, or condemnation any unimproved land, and any existing housing covered by mortgages insured under the present military housing program.

The present provisions of law for military housing are continued for mortgages already insured and for projects which may be certified by the Secretary of Defense on or before June 30, 1955.

The principal differences between the amendments in this bill and the existing program (Wherry Act) are as follows:

(1) Wherry Act housing is maintained and operated by the private sponsors of the housing rather than by the Defense Department as under this bill.

(2) Family housing under this bill is to be used as public quarters for armed services personnel and their rental allowances will be retained by the armed services.

(3) Wherry Act housing loans are payable by the private sponsor. Under this bill, arrangements would be made for the direct payment of the loans and the costs of operation and maintenance by the Department of Defense out of funds appropriated for this purpose. Such appropriations are authorized under this bill in an amount not to exceed an amount based upon an average of \$90 per month per living unit. This amount is the average rental allowance received by armed services personnel for whom housing under this program is intended.

(4) The Wherry Act gives FHA some discretion in the determination of need. Under this bill, the Secretary of Defense, after making certain findings, can make certification of need to FHA which would be conclusive on condition that the Secretary agrees to guarantee the FHA's insurance fund against loss with respect to the mortgage covering such housing.

(5) This bill would limit any mortgage amount to the replacement cost of the property as determined by FHA (including the estimated value of utilities within the boundaries of the property, where owned by the United States, and not provided for from proceeds of the mortgage) and in no event will the mortgage exceed the successful bid. Such replacement costs shall not exceed an average of \$13,500 per family unit. While no other dollar limitations, and no maximums or minimums of living space are included in the bill, the committee believes the square foot limitations developed during the testimony of Franklin G. Floete, Assistant Secretary of Defense, should be closely followed. Assistant Secretary Floete stated that these limitations were a maximum of 2,100 square feet for officers of general rank, with the square foot allotment per dwelling unit graduated downward to 1,080 square feet for enlisted personnel, as under appropriation acts providing funds for military housing. These limitations seem appropriate and should be followed for housing under this bill.

(6) Mortgagors are required to certify their costs under the Wherry Act, but there is no such requirement under this bill. Reliance is placed instead upon the requirement for competitive bidding. The committee is also advised that the Renegotiation Act, if reenacted in its present form, will be applicable to contracts awarded under this bill.

(7) The interest rate on mortgages under this bill will be a maximum of 4 percent per annum. The maximum interest rate under the Wherry Act is $4\frac{1}{2}$ percent, the actual rate now in effect being $4\frac{1}{4}$ percent.

(8) Under this bill, the mortgage would provide for amortization by periodic payments over a period of not more than 30 years. Amortization under the Wherry Act is "within such terms as the Com-

missioner shall prescribe," which in a majority of cases has been approximately 32½ years.

(9) Under the Wherry Act, the FHA-insured mortgage covers 90 percent of the replacement cost of a housing project. Under this bill, the FHA-insured mortgage will cover 100 percent of the replacement cost or the low acceptable bid, whichever is the lesser.

The Department of Defense testified that there is a net deficit of housing for servicemen and their families at military and naval bases of approximately 234,000 units. The committee was impressed by testimony as to the necessity for eliminating this deficit. One of the paramount considerations is the fact that adequate housing undoubtedly plays an important role in the decision of servicemen to remain in the services. The failure of highly trained specialists to reenlist results in immediate and substantial monetary loss to the Government. For example, in the Strategic Air Command alone, during the past 4 years, the services of 114,848 airmen have been lost through failure to reenlist. According to testimony before the committee, the loss of these men and their replacement by others results in a cost to the United States of \$1,694 million. Also significant is the fact that Air Force personnel particularly are required to live on the base or very near it, in order that they may be subject to immediate call.

Title IV of this bill is intended to provide a method of meeting the urgent requirements of the armed services.

The committee will follow closely the actions taken by the Department of Defense and the FHA Commissioner under this legislation in order to assure that the new program functions smoothly and that the needed family housing for the armed services is acquired expeditiously. The committee will also closely observe the safeguards the Secretary establishes to avoid excessive and extravagant building.

TITLE V—SMOKE ELIMINATION AND AIR POLLUTION

The bill would add to the National Housing Act a new title X, to develop means to eliminate pollution of the air by smoke, fumes, gases, etc.

The Secretary of Health, Education, and Welfare is authorized to undertake a research program to determine the causes and effects of air pollution, to develop devices and industrial methods for preventing and eliminating air pollution, and to provide guidance and assistance to States and local communities to prevent and control air pollution. The Secretary is authorized to enter into research contracts with, or make research grants to, State and local public agencies, and educational institutions, and to enter into arrangements with industries and private organizations for cooperative studies. Research results are to be made fully available to the public.

The Administrator of the Housing and Home Finance Agency is authorized to provide financial assistance to business enterprises to purchase or construct equipment to reduce the amount of air pollution in the area where the equipment is installed. With the Administrator's consent, contracts for such assistance can be pledged for loans from private sources.

This financial assistance is not to be available unless assistance is not otherwise available on reasonable terms and unless there is in existence an effective community program for controlling air pollution.

The committee received testimony to the effect that control and prevention of air pollution is a national problem. The Federal Government has already undertaken to attack other national problems such as slums and blighted areas by providing financial assistance for redevelopment and for low-cost housing. Because of the interstate character of the pollution problem and because air pollution is one direct cause of slums and of blight, it is now appropriate that the Federal Government expand research programs and provide technical information on the control and prevention of air pollution. Such a Federal program should be supplemented by State and local action and efforts should be made to stimulate and facilitate public and private action at State and local levels.

The committee emphasizes that no loans are to be made available under this Federal program unless the local community has already developed its own workable program for air pollution control. In such cases, it is possible that small businesses would find it difficult to finance the cost of purchasing and installing such equipment as would be necessary to comply with local regulations and therefore would require financial assistance.

The committee was of the opinion that the existing program for air pollution research in the Department of Health, Education, and Welfare should be expanded beyond what is now possible under the \$500,000 budget now available. At the suggestion of the Secretary of Health, Education, and Welfare, the committee removed from the bill the proposed limitation of \$3 million for research. Financial control over the program will be exercised through annual appropriations.

TITLE VI—FARM HOUSING

The committee had under consideration proposals to amend title V of the Housing Act of 1949. These proposals are combined in a committee recommendation to provide for extension of the existing program under title V of the Housing Act of 1949 and to retain the definition of a farm now included in that act. The bill as reported would provide an additional \$100 million for farm loans authorized to be made on adequate farms, an additional \$2 million to permit the payment of annual contributions made in connection with loans on potentially adequate farms, and an additional \$10 million for special grants and loans required to make farm housing safe and sanitary.

The new provisions also include a new insuring authority under title V of the Housing Act of 1949 and would set the interest rate on insured loans at not to exceed 4½ percent. Thus, this latter amendment would be consistent with the VA program for home loans under which both insured and direct loans may be made, and under which the interest rates are 4½ percent.

During the entire life of the farm loan program under title V some 19,000 initial loans were made for a total of \$97 million. This program has not been operative since June 30, 1954, but the need for it is shown by the increase in loans made under the Bankhead-Jones Act during the same period. Despite the fact that the Bankhead-Jones Act does not provide the full coverage of title V, its loan volume increased from \$28 million in 1954 to \$41 million for the first 10 months of 1955. From the standpoint of economic soundness the records of the title V farm loan program indicate that a great preponderance of

the loans made have been sound. As of December 31, 1954, the regular payments as a percentage of the scheduled installments on these loans were 105.6 percent. There have been very few foreclosures under the program.

Title V of the Housing Act of 1949 provides for—

(1) Loans for housing and buildings on adequate farms up to 33 years at not more than 4 percent interest.

(2) Similar loans for housing and buildings on potentially adequate farms, supplemented by annual contributions applied as a partial credit on interest and principal payments, can be made to owners of farms which through enlargement or improvement can be made self-sustaining within a period of not more than 10 years.

(3) Loans and grants for minor improvements and minimum repairs to farmhouses and buildings to assure decent, safe, and sanitary housing and buildings, and loans to enlarge or develop farms.

Assistance can be provided to farmowners for themselves or for their tenants, lessees, sharecroppers, or laborers. A "farm" is defined as a parcel or parcels of land operated as a single unit which is used for the production of agricultural commodities and which customarily produces or is capable of producing such commodities of a gross annual value of not less than the equivalent of \$400 in 1944.

CORDON RULE

In the opinion of the committee, it is necessary to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate in connection with this report.

SECTION-BY-SECTION ANALYSIS

TITLE I—GENERAL HOUSING AMENDMENTS

Section 101.—(a) Amends section 2 (a) of the National Housing Act to extend the title I property improvement program of the FHA until July 1, 1960.

(b) Amends section 2 (b) of the National Housing Act to increase the maximum permissible loan for improvement of existing structures from \$2,500 to \$3,000.

Section 102.—(a) Amends section 203 (i) of the National Housing Act to repeal the separate limitation on FHA insurance authorization for farm housing mortgages. Insurance authorization for such mortgages thus becomes a part of the overall insurance authorization for FHA.

(b) Amends section 204 (f) of the National Housing Act to enable FHA to make final settlement of certificates of claim held by mortgagees and refunds to mortgagors at any time after the sale or transfer of title by the FHA on sales housing acquired by FHA in cases of defaulted mortgages.

(c) Amends section 207 of the National Housing Act to enable FHA to insure mortgages on trailer courts or trailer parks. Such mortgages may not exceed \$1,000 per trailer space or \$300,000 per mortgage.

Amends section 207 of the National Housing Act to enable FHA to insure mortgages on rental properties having eight or more family units.

(d) Amends sections 207 (c), 213 (b) and (c), and 221 (d) of the National Housing Act to change the maximum mortgage amounts in those sections from \$5 million per mortgage to \$12.5 million per mortgage per housing market area.

Amends section 220 (d) of the National Housing Act to change the maximum mortgage amount in that section from \$5 million per mortgage to \$50 million per mortgagor per housing market area for all types of eligible mortgagors.

(e) Amends section 213 (b) of the National Housing Act to enable FHA to arrive at an insurable mortgage amount based upon the estimated replacement cost instead of the estimated value.

(f) Amends section 213 (d) of the National Housing Act to enable the FHA to insure a mortgage on a cooperative project which contains eight or more family units.

(g) Amends section 217 of the National Housing Act to increase the general insurance authorization of the FHA by adding \$4 billion to the amount of insurance outstanding as of July 1, 1955.

(h) Amends section 220 (d) of the National Housing Act to enable FHA to arrive at an insurable mortgage amount based on estimated replacement cost instead of appraised or estimated value.

(i) Amends section 227 of the National Housing Act to exempt from the cost certification requirement any single-family residence mortgages insured under section 221.

(j) Amends section 221 (a) of the National Housing Act to make the benefits of that section available to families living in an urban renewal area regardless of whether such families are forced to leave the area.

(k) Amends section 223 (a) of the National Housing Act to enable the FHA to insure under section 213 mortgages secured by housing purchased from the Government.

Section 103.—(a) Amends section 303 (b) of the National Housing Act to reduce the amount of FNMA stock, which sellers of mortgages are required to buy, from 3 percent of the unpaid principal of the mortgage to 2 percent of such unpaid principal.

(b) Amends section 304 (a) of the National Housing Act to change the language under which FNMA establishes the prices FNMA will pay for mortgages so that these prices will be determined on a uniform national basis.

(c) Amends section 305 of the National Housing Act to supplement the FNMA special assistance functions by authorizing the Association to enter into advance commitment contracts for purchasing mortgages insured by FHA under section 213 of the National Housing Act (co-operative housing). Such advance commitments may not exceed an overall amount of \$50 million at any one time and not more than \$5 million can be made available for commitments in any one State.

Section 104.—Amends section 604 (f) of the National Housing Act to enable FHA to make final settlement of certificates of claim held by mortgagees and refunds to mortgagors at any time after the sale or transfer of title by the FHA on sales housing acquired by FHA in cases of defaulted mortgages insured under section 603.

Section 105.—Amends section 104 of the Defense Housing and Community Facilities and Services Act of 1951 to extend the defense housing program (both housing and community facilities) on a standby basis until July 1, 1956.

Section 106.—(a) Amends section 103 (b) of the Housing Act of 1949 to increase the capital grant authorization under the slum clearance and urban renewal program by \$212.5 million to be made available on July 1, 1955, and \$212.5 million to be made available on July 1, 1956. Enables the President to supplement this authorization by \$100 million at any time.

(b) Amends section 106 (e) of the Housing Act of 1949 to increase from \$35 million to \$70 million the amount of capital grant funds which may be given to an individual State over and above the 10-percent limitation otherwise applicable.

(c) Amends section 110 (c) of the Housing Act of 1949 to permit an urban renewal project area which is not predominantly residential in character to be developed for nonresidential purposes. Not more than 5 percent of the urban renewal funds allocated to the local public agency can be used for this purpose.

Section 107.—Amends the Territorial Enabling Act of 1950 to enable the Territories to participate in the urban renewal program.

Section 108.—(a) and (b) Amend portions of the United States Housing Act of 1937 and certain appropriation acts to restore the public housing program to the numbers originally provided in the Housing Act of 1949; i. e., a total program of 810,000 units. Also repeal provisions contained in the Housing Act of 1954 which related new public housing projects to a slum clearance or urban renewal program and which set up other restrictions relating the number of public housing units to the number of people being relocated from an urban renewal area.

(c) Amends the United States Housing Act of 1937 to provide that not more than 135,000 public housing units may be contracted for in any fiscal year, except that, in fiscal year 1956, this amount may be increased by the unused portion of the 35,000 units which were provided for fiscal year 1955 under prior legislation.

(d) Amends section 21 (d) of the United States Housing Act of 1937 to increase from 10 percent to 15 percent the maximum portion of annual contribution and grant funds for public housing which may be made to any one State.

(e) Amends section 607 (b) of the Lanham Act to give former owners of property being disposed of under that section, first preference in repurchasing such property from the Government under such conditions as may be determined to be in the public interest.

(f) Amends section 607 (f) of the Lanham Act to waive any down-payment requirement involved in the sale of the Southmore Heights war housing project in South Bend, Ind., to a tenants' cooperative.

Section 109.—(a) Amends section 2 of the United States Housing Act of 1937 to permit occupancy of a public housing unit by a single person 65 years of age.

(b) Amends section 10 (g) of the United States Housing Act of 1937 to give single persons 65 years of age, or married persons one of whom is 65 years of age, second preference in the occupancy of public housing units. First preference goes to persons displaced by the

development of a low-rent housing project, a slum clearance or redevelopment or urban renewal project, or by certain other government actions.

(c) Makes technical changes regarding former residence, in section 15 of the United States Housing Act of 1937, to cover single persons 65 years of age and elderly families as well as families of veterans or servicemen.

(d) Amends United States Housing Act of 1937 by inserting a new section 30 which provides as follows:

(1) Enables the construction of public housing projects designed in whole or in part for occupancy by elderly persons.

(2) Limits the commencement of new projects designed for elderly persons to 10,000 units for each of 5 fiscal years beginning with fiscal year 1956. These units are in addition to the 810,000 units provided for the general public housing program.

(3) Enables the reconstruction or remodeling of existing public housing projects so that they may be designed in whole or in part for occupancy by elderly persons.

Section 110.—(1) Amends the Federal Home Loan Bank Act to reduce the amount that member banks must subscribe to the stock of a Federal home loan bank. At present member banks must subscribe at least 2 percent of the aggregate unpaid principal of all the home mortgage loans held. This amendment changes the 2-percent requirement to a 1-percent requirement, or such higher percent, not over 2 percent, as the Home Loan Bank Board may prescribe.

(2) Amends the Federal Home Loan Bank Act to enable the Home Loan Bank Board to remove from membership any member bank which has management policies or home-financing policies inconsistent with sound and economical home financing or inconsistent with the purposes of the Federal Home Loan Bank Act.

(3) Repeals section 6 (1) of the Federal Home Loan Bank Act, which repeal is necessary to complete change in stock requirement described in the discussion of section 110 (1), above.

(4) Enables the Home Loan Bank Board to increase the number of elective directors of any Federal home loan bank having a district which includes five or more States. The number of elective directors can be increased to a number not in excess of twice the number of States in the district.

(5) Makes the Home Loan Bank Board independent of the Housing and Home Finance Agency and changes the name of the Home Loan Bank Board to the Federal Home Loan Bank Board.

Section 111.—Amends section 5 of the Home Owners Loan Act of 1933 to correct an inadvertent provision in the Housing Act of 1954. This provision placed a dollar limitation of \$2,500 on loans to be made by Federal savings and loan associations even though the mortgages were insured by FHA or guaranteed by VA. The section as amended removes this limit on loans so insured or guaranteed.

Section 112.—(a), (b), and (c) amend sections 402 and 404 of the National Housing Act to enable the Federal Savings and Loan Insurance Corporation to retire all its outstanding stock held by the Secretary of the Treasury by issuing its debentures to Federal home loan banks.

(d) This technical amendment to section 406 of the National Housing Act regarding reports is necessary to complete the action

which makes the Federal Home Loan Bank Board independent of the Housing and Home Finance Agency, as provided in section 110 of this title.

(e) Amends section 403 of the National Housing Act to enable the Federal Savings and Loan Insurance Corporation to charge admission fees which are commensurate with the cost of processing applications for admission to insurance coverage.

Section 113.—Amends section 702 of the Housing Act of 1954 by establishing a revolving fund for making planning advances to public agencies for the construction of community facilities. The revolving fund would be built up by \$12 million authorized on and after July 1, 1956, \$12 million on and after July 1, 1957, and \$14 million on and after July 1, 1958. This \$38 million added to the \$10 million already available would bring the fund to a maximum of \$48 million which would be maintained on a revolving basis thereafter. In addition, the HHFA Administrator's authority to make planning advances to public agencies is made permanent.

Limits the amount of advances which may be outstanding to public agencies in any one State to 10 percent of the aggregate authorized for the revolving fund. The present limitation is 5 percent in any one State.

Section 114.—Raises the compensation of the Community Facilities Commissioner, HHFA, from \$14,800 to \$15,000.

TITLE II—PUBLIC FACILITY LOANS

Section 201.—Declares the policy of Congress to assist States and their political subdivisions to provide essential facilities and to authorize the extension of credit where such is not otherwise available on reasonable terms and conditions.

Section 202.—(a) Designates the Housing and Home Finance Administrator, acting through the Community Facilities Commissioner, to administer the program. Authorizes purchase of securities of, or loans to, States and their political subdivisions to finance specific public projects. Provides that no such loan shall be made for non-project operating expenses.

(b) Powers granted to the Administrator are subject to the following limitations:

(1) No financial assistance shall be extended unless it is not otherwise available on reasonable terms; loans shall be of such sound value or so secured as reasonably to assure retirement or payment; loans may be made either directly or in cooperation with private lending institutions.

(2) Loans are limited to maturities not to exceed 40 years.

(c) Requires that priority in processing will be given to applications of small municipalities (population 10,000 or less) for assistance in the construction of basic public works, including waterworks, sewer facilities, and gas distribution systems for which there is urgent public need.

Section 203.—(a) To obtain funds to carry out this program HHFA is authorized to issue to the Treasury notes not exceeding \$100 million outstanding at any one time. Such notes shall bear interest at rates determined by the Treasury, taking into consideration the average rate on outstanding United States obligations of comparable

maturities at time of issuance. The Treasury is authorized to use proceeds from the sale of any securities issued under the Second Liberty Bond Act for this purpose.

(b) Funds borrowed under this section shall constitute a revolving fund which may be used by the Administrator in the exercise of his functions under this title.

Section 204.—Provides for general administrative authority for the public facility program.

Section 205.—No public agency loans shall be made under section 108 of the Reconstruction Finance Corporation Liquidation Act, as amended, after enactment of this act, except pursuant to applications filed prior thereto.

TITLE III—COLLEGE HOUSING

Section 301.—Amends section 401 of title IV of the Housing Act of 1950 in the following respects:

(1) Expands the purposes for which loans may be made to include "other educational facilities" in addition to housing for students and faculty members (other educational facilities are defined in the explanation of sec. 303, below).

(2) Provides that the HHFA cannot make the loan if the college can obtain a private loan on terms and conditions equally as favorable as the terms and conditions of the Federal loan.

(3) Fixes the interest rate which HHFA can charge colleges at a rate of $2\frac{3}{4}$ percent, or one-fourth of 1 percent added to the rate of interest which HHFA pays the Treasury, whichever is the higher.

(4) Increases the total ceiling on loans under this program from \$300 million to \$500 million, and provides that no more than \$100 million may be loaned for "other educational facilities."

(5) Fixes the rate of interest which the HHFA must pay the Treasury at $2\frac{1}{2}$ percent, or the average annual interest rate on all interest-bearing obligations of the United States, whichever is the higher.

(6) Provides that this program may not be used to make loans on construction which was completed prior to the filing of an application under the provisions of the act as amended by this title.

Section 302.—Amends section 404 of title IV of the Housing Act of 1950 to include "other educational facilities" within the definition of the term "development cost," which term is significant in determining the amount of the loan to be made.

Section 303.—Amends section 404 of title IV of the Housing Act of 1950 in the following respects:

(1) Redefines the term "educational institution" to specifically include junior colleges and to include educational or philanthropic corporations established by a college for the sole purpose of providing housing or other educational facilities for the students or the faculty of the college.

(2) Defines "other educational facilities" to include cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, and other essential service facilities.

Section 304.—Provides that this title may be cited as the “College Housing Amendments of 1955.”

TITLE IV—ARMED SERVICES HOUSING MORTGAGE INSURANCE

Section 401.—Amends title VIII of the National Housing Act, as amended, in the following major respects:

(1) Under the definition of mortgagor in section 801 (b), includes the United States acting through the Secretary of Defense or his designee, and his assigns.

(2) The military housing insurance fund created by section 802 is renamed the armed services housing mortgage insurance fund.

(3) Section 803 establishes an insurance authorization of \$1,350 million for this housing program, which amount is in addition to the general insurance authorization of the FHA.

(4) Section 803 provides that title VIII shall terminate on June 30, 1958.

(5) Section 803 gives the Secretary of Defense or his designee complete authority to determine the need for military housing at any military installation. However, if the Commissioner of FHA does not concur in the housing needs as determined by the Secretary, the Commissioner may require the Secretary to guarantee the armed services housing mortgage insurance fund against loss arising from insuring the mortgage on housing as to which there is a lack of concurrence regarding housing needs.

(6) Section 803 provides that the amount of the insured mortgage may not exceed the FHA estimate of replacement cost, including the cost of land, physical improvements, and on-site utilities; that the mortgage amount may not exceed an average of \$13,500 per family unit for that part of the project attributable to dwelling use, except that where the project includes utilities owned by the United States and not provided for out of the proceeds of the mortgage, the mortgage shall not exceed an average of \$13,500 per family unit including the value of such utilities; and that the mortgage amount may not exceed the amount of the low acceptable bid.

(7) Under section 803 the mortgage shall provide for amortization upon such terms as the FHA Commissioner shall prescribe and will have a maturity not to exceed 30 years, and shall bear a rate of interest not to exceed 4 percent per annum.

(8) Section 803 enables the mortgagee to receive benefits under the mortgage insurance upon assignment of the mortgage to the FHA Commissioner.

(9) Section 804 provides for payments into and investment of the insurance fund.

(10) In section 805, as amended, reference to the act of August 5, 1947 (61 Stat. 774), has been removed.

(11) Section 805 also authorizes the Secretary of the Army, Navy, or Air Force to lease or sell land as necessary to effectuate the purposes of this title.

(12) Section 808 provides for the appointment of a Special Assistant to the FHA Commissioner, whose whole responsibility will be to expedite operations under this title.

(13) Section 809 provides that the cost certification required under section 227 of the National Housing Act shall not be required with respect to mortgages insured under the provisions of title VIII as amended by the Housing Amendments of 1955.

Section 402.—Authorizes the Federal National Mortgage Association to make commitments to purchase and to purchase mortgages insured under this title.

Section 403.—(a) Authorizes the Secretary of Defense to enter into contracts with any eligible builder to provide for the construction of housing on lands owned or leased by the United States and situated on or near a military reservation or installation. Also provides that the Secretary shall enter into contracts only after receiving competitive bids in the manner prescribed in section 3 of the Armed Services Procurement Act of 1947.

(b) Defines the term "eligible builder."

(c) Authorizes the Secretary of Defense or his designee to acquire by lease or otherwise the housing constructed pursuant to such contracts; to maintain and operate such housing; to assume or guarantee the payment of notes, mortgages, or other legal instruments required by the Commissioner of FHA; and to guarantee the armed services housing mortgage insurance fund against loss in the cases where so required. All rental or other payments made during any year in the case of any housing so acquired by the Secretary shall not exceed an average living unit payment of \$90 per month and, in the case of any one of the military departments, total payments per month may not exceed \$9 million.

Section 404.—Authorizes the Secretary of Defense or his designee to acquire by purchase, donation, or other means of transfer, including proceedings to acquire by condemnation, any unimproved land or any housing financed with mortgages insured under the provisions of title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955, which are adjacent to a military reservation or installation. The condemnation proceedings if employed shall be conducted in accordance with the provisions of the act of August 1, 1888 (25 Stat. 357), as amended.

Section 405.—Authorizes the Secretary of Defense or his designee to assign quarters in any housing acquired under this title to military personnel and civilian personnel approved by the Secretary of Defense or his designee and the dependents of such personnel. The Secretary is also authorized to withhold quarters allowances or appropriate allotments of the personnel so assigned. Also provides that, as far as is practical, each such project shall be operated on a self-liquidating basis whereby all expenses of capitalization, operation, and maintenance will be paid from quarters allowances or other funds withheld.

Section 406.—Authorizes the Secretary of Defense or his designee to procure the services of private architects and engineers to carry out the purposes of this title.

Section 407.—Contains general authority for appropriations that may be necessary to carry out the provisions of section 403 through 406 of the title.

Section 408.—Contains a general savings clause to maintain the provisions of title VIII of the National Housing Act in effect prior to this amendment for the purpose of administering outstanding mortgage insurance under title VIII and processing insurance applications on

projects certified by the Secretary of Defense by June 30, 1955. Also increases the maximum dollar amount from \$5 million to \$12.5 million for each such mortgage which may be insured under the provisions of the title so maintained.

TITLE V—SMOKE ELIMINATION AND AIR POLLUTION PREVENTION

Section 501.—Amends the National Housing Act by adding a new title as follows:

TITLE X—SMOKE ELIMINATION AND AIR POLLUTION PREVENTION

Section 1001.—Contains a declaration of the Congress that smoke elimination and air pollution prevention are important in prevention and rehabilitation of slums and in conservation of health and property.

Section 1002.—(a) Directs the Secretary of Health, Education, and Welfare to undertake a program of research and study concerned with (a) causes, hazards, and effects of air pollution; (b) devices, structures, machinery, equipment, and methods, etc., to prevent air pollution; (c) assistance to States and local communities.

(b) Authorizes the Secretary to enter into research contracts running for not more than 4 years. Provides for dissemination of results without regard to the provisions of section 306 of the Postal Mail Act of 1948 limiting the mailing of material free of postage.

(c) In carrying out research, directs the Department of Health, Education, and Welfare to utilize facilities of other Government agencies, and authorizes the Department to cooperate with State and local governments and private organizations.

(d) Authorizes the Department to make grants to public and private agencies for research, training, and demonstration projects.

(e) Authorizes appropriations, for purposes of section 1002, of such sums as may be necessary.

Section 1003.—(a) Authorizes the Housing and Home Finance Administrator to purchase obligations of, and to make loans to, business enterprises to aid in financing the purchase, installation, or construction of devices, structures, machinery, or equipment to be used by the business enterprise for reducing smoke, or air pollution or contamination in the community.

(b) Provides that no financial assistance shall be extended under section 1003 unless (1) it is not otherwise available on reasonable terms and (2) the community has a workable program for dealing with the problem. All such financial assistance shall be so secured as reasonably to assure repayment and shall be made in cooperation with private lending institutions.

(c) Provides that loans may be made subject to the conditions that, if equally favorable interest rates can be obtained, the loan contract may be pledged to others with the consent of HHFA.

(d) Provides that the loans may not exceed 20 years, and that the Administrator shall determine the interest rate which shall be not less than 1 percent above an amount fixed by the Secretary of the Treasury by estimating the average yield on all outstanding marketable obligations of the United States having a maturity of 15 or more years.

(e) Establishes a ceiling of \$50 million for loans outstanding at any one time under this title.

(f) Authorizes such appropriations as may be necessary.

(g) Provides that not more than 10 percent of loans shall be made within any one State.

(h) Provides for general administrative authority for the loan program.

Section 1004.—Provides that nothing in this title shall be construed to effect the availability of amounts otherwise appropriated for similar work nor to diminish any such programs now being carried on by a Federal agency.

TITLE VI—FARM HOUSING

Section 601.—Amends title V of the Housing Act of 1949 in the following respects:

(1) Establishes a farm loan insurance program in the Farmers Home Administration in addition to the direct loan program of that agency under said title V.

(2) The insured loans shall bear interest at a rate not to exceed $4\frac{1}{2}$ percent, shall carry an insurance premium payment of at least 1 percent of the balance of principal, and shall have such other terms and conditions as the Secretary of Agriculture may prescribe.

(3) The Secretary shall utilize the loan insurance fund created by the Bankhead-Jones Farm Tenant Act in administering this new insurance program under title V of the Housing Act of 1949.

(4) The aggregate amount to be insured in any one fiscal year shall not exceed \$25 million.

(5) Authorizes the appropriation of an additional \$100 million for direct loans under the title V farm housing program for fiscal year 1956.

(6) Authorizes the appropriation of an additional \$2 million on July 1, 1955, for contributions by the Secretary to prevent defaults in payments on loans for potentially adequate farms.

(7) Authorizes appropriations to the Secretary of Agriculture of an additional \$10 million to be available on July 1, 1955, to make grants and loans for improvement and repair of certain farms as well as for enlargement and development of farms.

INDIVIDUAL VIEWS OF MR. BUSH

While I have not reached a final conclusion as to whether the Home Loan Bank Board should be accorded independent status, I am convinced that the question demands further study. I have reached this conclusion partly because of certain statements attributed to Mr. Walter W. McAllister, Chairman of the Board, which have been brought to my attention; and partly because the proposal was added to the bill without hearings being scheduled on it and without the introduction of legislation in the Senate.

Mr. McAllister, participating in a panel discussion at the Palm Springs conference of the California Savings and Loan League, is quoted in the California Savings and Loan Journal of April 1955, as follows:

MR. McALLISTER. You have heard Henry and Howard say that the most important thing before the savings and loan business is to secure the independence of the Board. Some criticism of some of these proposed conversions has been raised. The criticism has come from some of the things that have occurred or have been proposed in California. The statement is made that a group of people operating mutually and cooperatively build big reserves. Then the management and the directors become interested in acquiring those reserves. They convert that institution into a mutual company and then convert the mutual company, in accordance with the State law, into a permanent stock association. People who are on the in buy the stock for \$100 or thereabouts and it has a book value of \$200, \$300, and up. Now I am not saying that is the case. I am not at all unsympathetic with what has been done. All I want to do is to see that there is no stink stirred up or any suits in connection with a matter of that kind at this particular time. Consequently, as an individual member of the Board, I would not act favorably or unfavorably on any applications for conversion at this particular time. I have no objection to their being submitted and considered in accordance with the Board's previous action as soon as we find out where we stand on this matter that I regard as most important. I believe from what I hear around that it would have been a rather fertile field of investigation and complaint against the savings and loan business.

In view of the serious questions which present themselves as a result of the above statements, I believe that the Senate should have further information before it proceeds to act upon the provision of the bill granting the Home Loan Bank Board independent status. For that reason, I hope that this provision will be stricken from the bill and the matter referred for further hearings. Also, because of the absence of any hearings, we have not had an adequate opportunity to learn exactly why the administration opposes the proposal.

PRESCOTT BUSH.

Calendar No. 407

84TH CONGRESS
1ST SESSION

S. 2126

[Report No. 404]

IN THE SENATE OF THE UNITED STATES

JUNE 1 (legislative day, MAY 2), 1955

Mr. SPARKMAN, from the Committee on Banking and Currency, reported the following bill; which was read twice and placed on the calendar

A BILL

To extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Housing Amendments
4 of 1955".

1 TITLE I—GENERAL HOUSING AMENDMENTS

2 HOME IMPROVEMENT LOANS

3 SEC. 101. (a) Section 2 (a) of the National Housing
4 Act, as amended, is hereby amended by striking “July 1,
5 1955” and inserting “July 1, 1960”.

6 (b) Section 2 (b) of said Act, as amended, is hereby
7 amended by striking “\$2,500” and inserting in lieu thereof
8 “\$3,000”.

9 MORTGAGE INSURANCE

10 SEC. 102. (a) Section 203 (i) of said Act, as amended,
11 is hereby amended by striking “, the total amount of insur-
12 ance outstanding at any one time under this proviso not to
13 exceed \$100,000,000”.

14 (b) Section 204 (f) of said Act, as amended, is
15 hereby amended by adding the following paragraph at the
16 end thereof:

17 “Notwithstanding any other provisions of this section,
18 the Commissioner is authorized, with respect to mortgages
19 insured pursuant to commitments for insurance issued on or
20 after July 1, 1955, and, with the consent of the mortgagee
21 or mortgagor, as the case may be, with respect to mortgages
22 insured pursuant to commitments issued prior to such date,
23 to effect the settlement of certificates of claim and refunds
24 to mortgagors at any time after the sale or transfer of title
25 to the property conveyed to the Commissioner under this

1 section and without awaiting the final liquidation of such
2 property for the purpose of determining the net amount to
3 be realized therefrom.”

4 (c) Section 207 of said Act, as amended, is hereby
5 amended as follows:

6 (1) In subsection (a) (1) (B), after the words “resi-
7 dential use”, insert “or upon which there is located or to
8 be constructed facilities for trailer coach mobile dwellings”;

9 (2) In subsection (a) (6), before the period, insert
10 the following: “or space in a trailer court or park properly
11 arranged and equipped to accommodate trailer coach mobile
12 dwellings”;

13 (3) In the first proviso of subsection (c) (2), after
14 the words “of this section”, insert “or a mortgage on a
15 trailer court or park”;

16 (4) Before the colon immediately preceding the proviso
17 in subsection (c) (3), insert “or not to exceed \$1,000 per
18 space or \$300,000 per mortgage for trailer courts or parks”;
19 and

20 (5) In the last sentence of subsection (c), after the
21 word “project”, insert “may include eight or more family
22 units and”.

23 (d) Said Act, as amended, is hereby amended—

24 (1) by striking clause 1 of section 207 (c) and
25 inserting:

1 “(1) not to exceed \$12,500,000 with respect to
2 any one mortgage instrument and such that the aggre-
3 gate amount of any commitment or commitments issued
4 and outstanding under this section at any time with
5 respect to a project or projects in the same housing
6 market area and involving the same mortgagor (or
7 mortgagors under substantially the same control, as de-
8 termined by the Commissioner) shall not exceed
9 \$12,500,000, or, if the mortgage is executed by a
10 mortgagor coming within the provisions of clause (b)
11 (1) of this section, such dollar limit with respect to
12 any one mortgage instrument and with respect to the
13 aggregate amount of such commitments shall be
14 \$50,000,000;”;

15 (2) by striking clause 1 of section 213 (b) and
16 inserting:

17 “(1) not to exceed \$12,500,000 with respect to
18 any one mortgage instrument and such that the aggre-
19 gate amount of any commitment or commitments issued
20 and outstanding under this section at any time with re-
21 spect to a project or projects in the same housing market
22 area and involving the same mortgagor (or mortgagors
23 under substantially the same control, as determined by
24 the Commissioner) shall not exceed \$12,500,000, or,
25 if the mortgage is executed by a mortgagor regulated

1 or supervised under Federal or State laws or by political
2 subdivisions of States or agencies thereof, as to rents,
3 charges, and methods of operation, such dollar limit
4 with respect to any one mortgage instrument and with
5 respect to the aggregate amount of such commitments
6 shall be \$25,000,000; and”;

7 (3) by striking clause (i) of section 220 (d) (3)
8 (B) and inserting:

9 “(i) not to exceed \$50,000,000 with respect to
10 any one mortgage instrument and such that the aggre-
11 gate amount of any commitment or commitments issued
12 and outstanding under this section at any time with
13 respect to a project or projects in the same housing
14 market area and involving the same mortgagor (or
15 mortgagors under substantially the same control, as de-
16 termined by the Commissioner) shall not exceed
17 \$50,000,000; and”;

18 (4) by striking “\$5,000,000” in sections 213 (c)
19 and 221 (d) (3) and inserting: “\$12,500,000 with
20 respect to any one mortgage instrument and such that
21 the aggregate amount of any commitment or commit-
22 ments issued and outstanding under this section at any
23 time with respect to a project or projects in the same
24 housing market area and involving the same mortgagor
25 (or mortgagors under substantially the same control,

1 as determined by the Commissioner) shall not exceed
2 \$12,500,000”.

3 (e) Section 213 (b) (2) of said Act, as amended,
4 is amended by striking out “the estimated value” both times
5 it appears and inserting in lieu thereof “the amount which
6 the Commissioner estimates will be the replacement cost”.

7 (f) Section 213 of said Act, as amended, is hereby
8 amended by adding, in the last sentence of subsection (d),
9 after the words “subsection (a) of this section”, the words
10 “may include eight or more family units and”.

11 (g) Section 217 of said Act, as amended, is hereby
12 amended by striking “July 1, 1954” and inserting “July
13 1, 1955”, and by striking “\$3,500,000,000” and inserting
14 “\$4,000,000,000”.

15 (h) Section 220 (d) (3) of such Act, as amended,
16 is amended as follows:

17 (1) In subparagraph (A) by striking out “the ap-
18 praised value” and inserting in lieu thereof “the amount
19 which the Commissioner estimates will be the replacement
20 cost, and by striking out “such value” and inserting in lieu
21 thereof “such cost”; and

22 (2) In subparagraph (B) (ii) by striking out “the es-
23 timated value” and inserting in lieu thereof “the amount

1 which the Commissioner estimates will be the replacement
2 cost, and by striking out "value" and inserting in lieu thereof
3 "replacement cost".

4 (i) Clause (a) of the second sentence of section 227
5 of said Act, as amended, is hereby amended by striking
6 "under section 221" and inserting "under section 221 if the
7 mortgage meets the requirements of paragraph (3) of sub-
8 section (d) thereof".

9 (j) Section 221 (a) of said Act, as amended, is
10 amended as follows:

11 (1) By inserting after the words "in order to assist in
12 relocating families" the following: "from urban renewal
13 areas and in relocating families";

14 (2) By striking out the words "to be so displaced" in
15 the first proviso of the second sentence;

16 (3) By striking out the words "to be so displaced and"
17 and inserting "referred to above" in the second proviso of the
18 second sentence.

19 (k) Section 223 (a) of said Act, as amended, is
20 amended by striking out "section 203 or section 207" each
21 time it appears and inserting in lieu thereof "section 203,
22 207, or 213".

FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 103. (a) Section 303 (b) of said Act, as amended, is amended by striking out "3 per centum" and inserting in lieu thereof "2 per centum".

(b) Section 304 (a) of said Act, as amended, is amended by inserting before the period at the end of the second sentence the words "on a uniform national basis".

(c) Section 305 of said Act, as amended, is amended by adding at the end thereof the following:

"(e) Notwithstanding any other provision of this Act, the Association is authorized to enter into advance commitment contracts which do not exceed \$50,000,000 outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 either a commitment to insure or a statement of eligibility; but not more than \$5,000,000 of such authorization shall be available for such commitments in any one State."

CERTIFICATES OF CLAIM

SEC. 104. Section 604 (f) of said Act, as amended, is hereby amended by adding the following paragraph at the end thereof:

"Notwithstanding any other provisions of this section, the Commissioner is authorized, with the consent of the mortgagee or mortgagor, as the case may be, to effect the

1 settlement of certificates of claim and refunds at any time
 2 after the sale or transfer of title to the property conveyed to
 3 the Commissioner under this section and without awaiting
 4 the final liquidation of such property for the purpose of de-
 5 termining the net amount to be realized therefrom.”

6 EXTENSION OF TITLE IX OF THE NATIONAL HOUSING ACT

7 SEC. 105. The second sentence of section 104 of the
 8 Defense Housing and Community Facilities and Services Act
 9 of 1951, as amended, is hereby amended as follows:

10 (1) By striking out the figures “1955” both times they
 11 appear therein and inserting in lieu thereof “1956”;

12 (2) In clause (a) thereof by striking out the words
 13 “designate hereunder” and inserting in lieu thereof “desig-
 14 nate hereunder or (iii) pursuant to a commitment to insure
 15 issued pursuant to the preceding clause (ii)”; and

16 (3) In clause (b) thereof by striking out the words
 17 “designate hereunder” and inserting in lieu thereof “desig-
 18 nate hereunder or thereafter pursuant to a commitment to
 19 extend assistance for such community facilities or services
 20 or to construct such temporary housing or community facil-
 21 ities, issued before the close of July 1, 1956”.

22 SLUM CLEARANCE AND URBAN RENEWAL

23 SEC. 106. (a) Section 103 (b) of the Housing Act of
 24 1949, as amended, is hereby amended by striking “\$100,-

1 000,000, which limit shall be increased by further amounts
2 of \$100,000,000 on July 1 in each of the years 1950, 1951,
3 1952, and 1953, respectively: *Provided*, That (subject to
4 the total authorization of not to exceed \$500,000,000) ”
5 and inserting “\$500,000,000, which limit shall be increased
6 by further amounts of \$212,500,000 on July 1 in each of the
7 years 1955 and 1956, respectively: *Provided*, That”.

8 (b) Section 106 (c) of said Act, as amended, is
9 hereby amended by striking “\$35,000,000” and inserting
10 “\$70,000,000”.

11 (c) Section 110 (c) of said Act, as amended, is hereby
12 amended by inserting between the first and second sentences
13 thereof the following sentence: “Where land within the pur-
14 view of subparagraph (1) (ii) or (1) (iii) hereof (whether
15 it be predominantly residential or nonresidential in char-
16 acter) is to be redeveloped for predominantly nonresidential
17 uses, financial assistance under this title (including the mak-
18 ing of capital grants) may be extended therefor if the
19 governing body of the local public agency determines that
20 such redevelopment for predominantly nonresidential uses
21 is necessary and appropriate to facilitate the proper growth
22 and development of the community in accordance with sound
23 planning standards and local community objectives and to
24 afford maximum opportunity for the redevelopment of the
25 project area by private enterprise: *Provided*, That standard

1 housing is made available to the families displaced by such
2 projects and that such families shall be otherwise assisted
3 as necessary in connection with their relocation: *And pro-*
4 *vided, further,* That not more than 5 per centum of the
5 funds allocated to the municipality under authorization of
6 this title shall be expended under this sentence.”.

7 SEC. 107. The Territorial Enabling Act of 1950 (64
8 Stat. 344) is hereby amended—

9 (1) by inserting “urban renewal,” after “urban
10 redevelopment,” in the title;

11 (2) by inserting “, AND URBAN RENEWAL”
12 after “REDEVELOPMENT” in the heading of title I;

13 (3) by inserting “and urban renewal projects” after
14 the term “urban redevelopment projects” in each place
15 where that term appears in title I;

16 (4) by inserting “URBAN RENEWAL,” after
17 “REDEVELOPMENT,” in the heading of title III;

18 (5) by inserting “urban renewal,” after “urban
19 redevelopment,” in sections 301 and 303;

20 (6) by inserting “or urban renewal” after “urban
21 redevelopment” in section 304;

22 (7) by inserting “as amended,” after “(Public Law
23 171, Eighty-first Congress).” in sections 101, 301, and
24 304;

25 (8) by inserting “as amended.” after “Housing Act

1 of 1949,” in the clause numbered “(1)” in section 304;
2 and

3 (9) by inserting “, as amended,” after “this Act”
4 in sections 101, 301, and 304.

5 PUBLIC HOUSING

6 SEC. 108. (a) Section 101 (c) of title I of the Housing
7 Act of 1949, as amended, is amended by striking out “or
8 for annual contributions or capital grants pursuant to the
9 United States Housing Act of 1937, as amended, for any
10 project or projects not constructed or covered by a contract
11 for annual contributions prior to the effective date of the
12 Housing Act of 1954,”.

13 (b) There are hereby repealed—

14 (1) clause (2) of the eighth proviso appearing in
15 that part of the First Independent Offices Appropriation
16 Act, 1954, which is captioned “Annual contributions:”
17 under the heading “PUBLIC HOUSING ADMINISTRA-
18 TION”;

19 (2) clause (2) of the third proviso appearing in
20 that part of the Independent Offices Appropriation Act,
21 1953, which is captioned “Annual contributions:” under
22 the heading “PUBLIC HOUSING ADMINISTRATION”.

23 (c) Subsection (i) of section 10 of the United States
24 Housing Act of 1937, as amended, is hereby amended to
25 read as follows:

1 “(i) Notwithstanding any other provisions of law, the
2 Authority shall not enter into any new contracts for loans
3 or annual contributions for more than one hundred and
4 thirty-five thousand additional dwelling units during any
5 fiscal year: *Provided*, That in respect to the fiscal year 1956
6 such number shall be increased by the difference between
7 thirty-five thousand and the number of units for which new
8 annual contribution contracts for additional units were
9 entered into during the fiscal year 1955.”

10 (d) Subsection (d) of section 21 of the United States
11 Housing Act of 1937, as amended, is hereby amended by
12 striking out the figure “10” in both places it appears and
13 inserting in lieu thereof the figure “15”.

14 (e) Section 607 (b) of the Act entitled “An Act to
15 expedite the provision of housing in connection with national
16 defense, and for other purposes”, approved October 14, 1940,
17 as amended, is amended by inserting after the first sentence
18 of the last paragraph of that subsection the following sen-
19 tence: “In the disposition of any lands under this section
20 which were acquired by the United States, the Administrator
21 may, notwithstanding the order of preference provided in
22 this section, grant a first preference to the former owners
23 of such lands in the purchase thereof for such period and
24 under such conditions as he may determine to be appropriate
25 and in the public interest.”.

1 (f) Section 607 (f) of the Act entitled “An Act to
2 expedite the provision of housing in connection with national
3 defense, and for other purposes”, approved October 14,
4 1940, as amended, is amended by inserting before the period
5 at the end thereof a colon and the following: “*Provided,*
6 That, in the case of Project Indiana—12021 (Southmore
7 Heights), the terms of sale to any preference purchaser shall
8 not require a down payment”.

9 SEC. 109 (a) Section 2 of the United States Housing
10 Act of 1937, as amended, is amended by adding the follow-
11 ing at the end of subsection (2) thereof: “The term ‘fam-
12 ilies’ means families consisting of two or more persons or
13 consisting of a single person sixty-five years of age or over
14 or the residuum of a tenant family. The term ‘elderly
15 families’ means families the head of which or his spouse is
16 sixty-five years of age or over.”

17 (b) Section 10 (g) of said Act is amended by striking
18 out “Second,” and inserting in lieu thereof “Third,” and
19 by adding immediately following the paragraph which con-
20 cludes with the words “veterans and servicemen;” the fol-
21 lowing new paragraph:

22 “Second, to elderly families, and as among such families
23 first preference shall be given to families of disabled vet-
24 erans whose disability has been determined by the Veterans’
25 Administration to be service-connected, and second prefer-

1 ence shall be given to families of deceased veterans and
2 servicemen whose death has been determined by the Vet-
3 erans' Administration to be service-connected, and third
4 preference shall be given to families of other veterans and
5 servicemen: *Provided*, That in respect to dwelling units
6 owned or operated by any public housing agency as low-
7 rent housing within the meaning of this Act, such prefer-
8 ence for elderly families shall be extended in any year to
9 not more than 10 per centum of the estimated number of
10 all families to be admitted to such dwelling units in such
11 year."

12 (c) Section 15 (8) of said Act is amended by inserting
13 before the semicolon at the end of paragraph (b) a colon
14 and the following: "*Provided further*, That the Public Hous-
15 ing Commissioner may, under regulations prescribed by him,
16 waive the requirements of clause (ii) in the case of elderly
17 families".

18 (d) Said Act is amended by changing "SEC. 30" to
19 "SEC. 31" and "SEC. 31" to "SEC. 32" and by inserting the
20 following new section 30:

21 "SEC. 30. (a) For the purpose of increasing the supply
22 of decent, safe, and sanitary housing for elderly families,
23 available at rents which they can afford to pay, the Public
24 Housing Commissioner may—

25 " (1) make loans to public housing agencies to assist

1 the development, acquisition, or administration of low-
2 rent housing reserved in whole or in part for occupancy
3 by such families; and

4 “(2) make annual contributions to public housing
5 agencies to assist in achieving and maintaining the low-
6 rent character of housing which is reserved in whole or
7 in part for occupancy by such families.

8 “(b) The provisions of this Act relating to low-rent
9 housing generally shall apply with respect to low-rent hous-
10 ing reserved in whole or in part for elderly families, assisted
11 under subsection (a) of this section, except that with respect
12 to projects containing such housing—

13 “(1) the Public Housing Commissioner is author-
14 ized, with the approval of the President, to enter into
15 contracts for annual contributions including not more
16 than \$3,000,000 per annum in respect to such housing
17 (which shall be in addition to the annual contributions
18 authorized by section 10 (c) of this Act or by any
19 other provision of law) in the fiscal year 1956 and in
20 each of the four succeeding fiscal years;

21 “(2) the Public Housing Commissioner may au-
22 thorize the commencement of construction of not to
23 exceed ten thousand such dwelling units (which shall be
24 in addition to the number of dwelling units authorized
25 by section 10 (c) of this Act or by any other provision

1 of law) in the fiscal year 1956 and in each of the four
2 succeeding fiscal years;

3 “(3) section 10 (g) of this Act (relating to vet-
4 erans’ preferences) shall not be applicable;

5 “(4) preference for admission to dwelling units in
6 such housing shall be given to elderly families of low
7 income (as determined under regulations prescribed by
8 the Public Housing Commissioner).

9 “(c) Low-rent housing assisted under subsection (a) of
10 this section shall, notwithstanding the provisions of the first
11 sentence of subsection 15 (5) of this Act, be designed
12 specifically for occupancy by elderly families and shall be
13 conveniently located, so as to provide to the maximum extent
14 practicable for their comfort and welfare.

15 “(d) Whenever the Public Housing Commissioner de-
16 termines that there is an acute shortage of adequate housing
17 for elderly families of low income in an area in which there
18 are located dwelling units owned or operated by any public
19 housing agency as low-rent housing within the meaning of
20 this Act, he may, under regulations prescribed by him,
21 authorize public housing agencies, notwithstanding the pro-
22 visions of the first sentence of subsection 15 (5) of this Act,
23 to reconstruct or remodel such housing (or any part thereof)
24 to provide dwelling units reserved in whole or in part for

1 occupancy by such families; and such housing (or part
 2 thereof) shall thereafter be deemed, for purposes of sub-
 3 section (b) of this section, to be low-rent housing assisted
 4 under subsection (a) of this section.

5 “(e) The Public Housing Commissioner is authorized
 6 to include such provisions in contracts made pursuant to
 7 section 10 of this Act after the date of the enactment of this
 8 section, and to negotiate with the public housing agencies
 9 involved such modifications of previously existing contracts
 10 made under section 10 of this Act, as may be necessary (1)
 11 to permit elderly families of low income (as determined under
 12 regulations prescribed by the Public Housing Commissioner)
 13 to be admitted to any low-rent housing assisted under such
 14 section 10 and (2) to provide, for families so admitted,
 15 conditions for continued occupancy similar to those applicable
 16 with respect to other tenants.”

17 HOME LOAN BANK BOARD

18 SEC. 110. The Federal Home Loan Bank Act, as
 19 amended, is hereby amended—

20 (1) by striking section 6 (c) and inserting:

21 “(c) The original stock subscription for each institu-
 22 tion eligible to become a member under section 4 shall be
 23 an amount equal to 1 per centum of the aggregate of the
 24 unpaid principal of the subscriber’s home mortgage loans, or
 25 such higher per centum not exceeding 2 per centum as the

1 board shall by regulation prescribe, but not less than \$500:
2 *Provided*, That nothing herein shall permit a member to
3 reduce the amount of stock held by it to below 2 per centum
4 of the aggregate of the unpaid principal of its home mortgage
5 loans as of the effective date of the Housing Amendments of
6 1955, but no such member shall be required to subscribe for
7 additional stock until such time as the amount of stock held
8 by it does not equal that required by such regulation. The
9 board shall from time to time adjust the amount of stock held
10 by each member so that, as nearly as possible, such member
11 shall at all times have invested in the stock of the Federal
12 Home Loan Bank at least an amount calculated in the man-
13 ner provided in the preceding sentence (but not less than
14 \$500). If the board finds that the investment of any mem-
15 ber in stock is greater than that required under this section
16 or under regulation of the board, upon application of such
17 member, the bank shall pay such member for each share of
18 stock in excess of the amount so required an amount equal to
19 the par value of such stock, or, at the election of the bank,
20 the whole or any part of the payments which would be so
21 made shall be credited upon any indebtedness of the member
22 to the bank. In either such event, stock equal in par value
23 to the amount of the payment or credit, or both, as the case
24 may be, shall be surrendered and canceled. No share of
25 stock shall be surrendered and canceled if the effect of such

1 surrender and cancellation would be to violate the provi-
2 sions of section 10 (c) requiring the amount of stock held
3 by such member to equal at least one-twelfth of the outstand-
4 ing advances to such member.”;

5 (2) by striking the first sentence of section 6 (i)
6 and inserting: “Any member other than a Federal
7 savings and loan association may withdraw from mem-
8 bership in a Federal Home Loan Bank six months after
9 filing with the board written notice of intention so to do,
10 and the board may, after hearing, remove any member
11 from membership, or deprive any nonmember borrower
12 of the privilege of obtaining further advances, if, in the
13 opinion of the board, such member or nonmember
14 borrower (i) has failed to comply with any provision
15 of this Act or regulation of the board made pursuant
16 thereto; (ii) is insolvent: *Provided*, That any member
17 of a bank which is a building and loan association,
18 savings and loan association, cooperative bank, or
19 homestead association shall be deemed insolvent if the
20 assets of such member are less than its obligations to
21 its creditors and others, including the holders of its
22 withdrawable accounts; or (iii) has a management or
23 home-financing policy of a character inconsistent with
24 sound and economical home financing or with the pur-
25 poses of this Act.”;

1 (3) by repealing section 6 (1) ;

2 (4) by striking the period at the end of section
3 7 (a) and inserting a colon and the following: “*Pro-*
4 *vided*, That the board may by regulation increase the
5 number of elective directors of any Federal Home Loan
6 Bank having a district which includes five or more
7 States to a number not exceeding twice the number of
8 States comprising such district, but such additional elec-
9 tive directors shall be apportioned as nearly as may be
10 practicable in the same manner and order as is provided
11 for the apportionment of elective directors under sub-
12 sections (c) and (d) hereof. The term ‘States’ as used
13 in the preceding proviso shall mean the States of the
14 Union and the District of Columbia.”;

15 (5) by inserting “(a)” after the section number
16 in section 17 and adding at the end thereof a new sub-
17 section (b) as follows:

18 “(b) The Home Loan Bank Board which was, pur-
19 suant to Reorganization Plan Numbered 3 of 1947, estab-
20 lished and made a constituent agency of the Housing and
21 Home Finance Agency shall, from the effective date of the
22 Housing Amendments of 1955, cease to be such a constitu-
23 ent agency and shall be an independent agency (including
24 the Federal Savings and Loan Insurance Corporation) in
25 the executive branch of the Government: *Provided*, That the

1 functions vested in the Chairman of said board under clause
2 (2) of the last sentence of subsection (b) of section 2 of
3 said reorganization plan are hereby transferred to said board.
4 Notwithstanding any other provision of law, said board, the
5 Chairman thereof except as herein otherwise provided, and
6 the Federal Savings and Loan Insurance Corporation, re-
7 spectively, shall have and may exercise all functions which
8 they respectively had or could exercise, immediately prior
9 to the effective date of the Housing Amendments of 1955
10 or immediately prior to the effective date of the Independ-
11 ent Offices Appropriation Act, 1955. Said board shall
12 annually make a report of its operations (including those
13 of the Federal Savings and Loan Insurance Corporation)
14 to the Congress as soon as practicable after the first day
15 of January in each year. The name of the Home Loan
16 Bank Board is hereby changed to 'Federal Home Loan Bank
17 Board'."

18 SEC. 111. The Home Owners' Loan Act of 1933, as
19 amended, is hereby amended by striking the proviso at the
20 end of the second paragraph of section 5 (c) and inserting:
21 "*Provided*, That no such loan, unless so insured or guaran-
22 teed, shall be made in excess of \$2,500."

23 SEC. 112. (a) Subsection (h) of section 402 of the
24 National Housing Act, as amended, is hereby amended to
25 read as follows:

1 “(h) The Federal Savings and Loan Insurance Corpo-
2 ration shall, on or before sixty days after the effective date
3 of the Housing Amendments of 1955, retire at par all out-
4 standing stock held by the Secretary of the Treasury and
5 shall pay to the Secretary of the Treasury a return on
6 the average amount, at par, of capital stock outstanding
7 during the fiscal years 1955 and 1956 at a rate determined
8 by the Secretary of the Treasury, taking into consideration
9 the current average rate on outstanding marketable obli-
10 gations of the United States as of the last day of the sixth
11 month of the fiscal year 1955. An amount of funds of the
12 Corporation equal to the proceeds of the debentures issued
13 under subsection (b) of section 402 of this Act shall be
14 available, to the extent necessary, for the retirement of
15 such stock. The retirement of such stock shall not affect
16 the applicability to said Corporation of the Government
17 Corporation Control Act, as amended.”

18 (b) Subsection (b) of section 402 of the National
19 Housing Act, as amended, is hereby amended to read as
20 follows:

21 “(b) (1) Promptly after the effective date of the Hous-
22 ing Amendments of 1955, the Corporation shall issue to the
23 Federal Home Loan Banks, and said banks shall purchase
24 at par, debentures of the Corporation in a face amount equal
25 to the par value of the capital stock of the Corporation out-

1 standing on the effective date of the Housing Amendments
2 of 1955 plus the amount of any adjustments under the last
3 sentence of this paragraph. Such debentures shall be in such
4 form and denominations and shall have such other character-
5 istics as shall be determined by the Corporation, but shall
6 be subject to retirement only as provided in paragraph (2)
7 of this subsection. The debentures aforesaid shall be pur-
8 chased by the respective Federal Home Loan Banks in
9 proportion to the capital stock of the respective Federal
10 Home Loan Banks outstanding on the effective date of the
11 Housing Amendments of 1955. The Corporation shall pay
12 to each Federal Home Loan Bank, promptly after the end of
13 each fiscal year, a return on the average amount, at par,
14 of such debentures held by such bank during such fiscal year
15 at a rate determined by the Corporation, after consultation
16 with the Secretary of the Treasury, taking into considera-
17 tion the current average rate as of the last day of the sixth
18 month of such fiscal year on outstanding marketable obliga-
19 tions of the United States having a maturity from date of
20 issue of not less than thirty months and not more than forty-
21 two months. If the amount of such debentures to be issued
22 to and purchased by any Federal Home Loan Bank, calcu-
23 lated under the foregoing provisions of this subsection, would
24 not be a multiple of \$100, such amount shall be the next
25 higher multiple of \$100.

1 “(2) The Corporation is authorized and directed to
2 pay off and retire annually at par an amount of its debentures
3 issued under this subsection equal to 50 per centum of its
4 net income for the fiscal year. Such payments shall be
5 made promptly after the end of each fiscal year (beginning
6 with the first fiscal year which ends after the issuance of
7 such debentures) until the entire amount of such debentures
8 is retired.”

9 (c) Section 404 of the National Housing Act, as
10 amended, is hereby amended (1) by adding the words
11 “paid under subsection (d) or” after the words “any
12 premium which may be” in subsection (c); and (2) by
13 adding the following new subsection at the end thereof:

14 “(d) Effective for the premium year of each insured
15 institution beginning next after the effective date of the
16 Housing Amendments of 1955 and continuing through the
17 first premium year of each insured institution beginning
18 next before that anniversary date of the effective date of
19 the Housing Amendments of 1955 which occurs next after
20 the date on which all debentures issued by the Corporation
21 under subsection (b) of section 402 of this Act shall have
22 been retired, the rate of the premium provided for in sub-
23 section (a) of section 404 shall be one-eighth of 1 per
24 centum in lieu of one-twelfth of 1 per centum.”

1 (d) Subsection (e) of section 406 of the National Hous-
2 ing Act, as amended (12 U. S. C. 1729 (e)), is hereby
3 amended by striking the words "Housing and Home Finance
4 Administrator" and inserting in lieu thereof the word
5 "Congress".

6 (e) The National Housing Act, as amended, is hereby
7 amended by striking section 403 (d) and inserting:

8 “(d) Any institution which applies after the effective
9 date of the Housing Amendments of 1955 for insurance
10 under this title shall pay, in the event its application is
11 approved, an admission fee in such amount as the Corpora-
12 tion shall determine, taking into consideration the total cost
13 of processing all insurance applications.”

14 COMMUNITY FACILITIES ADMINISTRATION

15 SEC. 113. Section 702 of the Housing Act of 1954 is
16 hereby amended to read as follows:

17 “SEC. 702. (a) In order (1) to encourage munici-
18 palities and other public agencies to maintain at all times
19 a current and adequate reserve of planned public works the
20 construction of which can rapidly be commenced, particu-
21 larly when the national or local economic situation makes
22 such action desirable, and (2) to help attain maximum
23 economy and efficiency in the planning and construction
24 of public works, the Administrator is hereby authorized
25 to make advances to public agencies (notwithstanding the

1 provisions of section 3648 of the Revised Statutes, as
2 amended) to aid in financing the cost of engineering and
3 architectural surveys, designs, plans, working drawings, spec-
4 ifications, or other action preliminary to and in preparation
5 for the construction of public works: *Provided*, That the
6 making of advances hereunder shall not in any way commit
7 the Congress to appropriate funds to assist in financing the
8 construction of any public works so planned: *And provided*
9 *further*, That advances outstanding to public agencies in any
10 one State shall at no time exceed 10 per centum of the
11 aggregate then authorized to be appropriated to the revolv-
12 ing fund established pursuant to subsection (e) of this
13 section.

14 “(b) No advance shall be made hereunder with respect
15 to any individual project unless it is planned to be con-
16 structed within a reasonable period of time, unless it con-
17 forms to an overall State, local, or regional plan approved by
18 a competent State, local, or regional authority, and unless
19 the public agency formally contracts with the Federal Gov-
20 ernment to complete the plan preparation promptly and to
21 repay such advance or part thereof when due. Subsequent
22 to approval and prior to disbursement of any Federal funds
23 for the purpose of advance planning, the applicant shall
24 establish a separate planning account into which all Federal

1 and applicant funds estimated to be required for plan prepa-
2 ration shall be placed.

3 “(c) Advances under this section to any public agency
4 shall be repaid without interest by such agency when the
5 construction of the public works is undertaken or started:
6 *Provided*, That if the public agency undertakes to construct
7 only a portion of a planned public work it shall repay such
8 proportionate amount of the advances relating to the public
9 work as the Administrator determines to be equitable: *And*
10 *provided further*, That in the event repayment is not made
11 promptly such unpaid sum shall bear interest at the rate
12 of 4 per centum per annum from the date of the Govern-
13 ment's demand for repayment to the date of payment
14 thereof by the public agency.

15 “(d) The Administrator is authorized to prescribe
16 rules and regulations to carry out the purpose of this section.

17 “(e) In order to provide moneys for advances in ac-
18 cordance with this section, the Administrator is hereby
19 authorized to establish a revolving fund which shall comprise
20 all moneys heretofore or hereafter appropriated pursuant to
21 this section, together with all repayments and other receipts
22 in connection with advances made under this section. There
23 are hereby authorized to be appropriated to such revolving
24 fund, in addition to the amount authorized by this section
25 as originally enacted, the further amounts of \$12,000,000

1 which may be made available to the revolving fund on
2 or after July 1, 1956; \$12,000,000 which may be made
3 available to such fund on or after July 1, 1957; \$14,000,000
4 which may be made available to such fund on or after July 1,
5 1958; and such additional sums which may be made avail-
6 able from year to year thereafter as may be estimated
7 to be necessary to maintain not to exceed a total of
8 \$48,000,000 in undisbursed balances in the revolving fund
9 and in advances outstanding for plans in preparation or for
10 completed plans with respect to projects which, in the de-
11 termination of the Administrator, can be expected to be
12 undertaken within a reasonable period of time.”

13 SEC. 114. Effective upon the date of enactment of this
14 Act the basic rate of compensation of the Community Facili-
15 ties Commissioner of the Housing and Home Finance
16 Agency shall be the same as the basic rate of compensation
17 established for the heads of the constituent agencies of the
18 Housing and Home Finance Agency.

19 TITLE II—PUBLIC FACILITY LOANS

20 DECLARATION OF POLICY

21 SEC. 201. It has been the policy of the Congress to assist
22 wherever possible the States and their political subdivisions
23 to provide the services and facilities essential to the health
24 and welfare of the people of the United States.

25 The Congress finds that in many instances municipalities,

1 or other political subdivisions of States, which seek to provide
2 essential public works or facilities, are unable to raise the
3 necessary funds at reasonable interest rates.

4 It is the purpose of this title to authorize the extension
5 of credit to assist in the provision of certain essential public
6 works or facilities by States, municipalities, or other political
7 subdivisions of States, where such credit is not otherwise
8 available on reasonable terms and conditions.

9 FEDERAL LOANS

10 SEC. 202. (a) The Housing and Home Finance Admin-
11 istrator, acting through the Community Facilities Adminis-
12 tration, is authorized to purchase the securities and obligations
13 of, or make loans to, States, municipalities and other political
14 subdivisions of States, public agencies, and instrumentalities
15 of one or more States, municipalities and political subdivisions
16 of States, and public corporations, boards, and commissions
17 established under the laws of any State, to finance specific
18 public projects under State or municipal law. No such pur-
19 chase or loan shall be made for payment of ordinary gov-
20 ernmental or nonproject operating expenses.

21 (b) The powers granted in subsection (a) of this section
22 shall be subject to the following restrictions and limitations:

23 (1) No financial assistance shall be extended under this
24 section unless the financial assistance applied for is not other-
25 wise available on reasonable terms, and all securities and

1 obligations purchased and all loans made under this section
2 shall be of such sound value or so secured as reasonably to
3 assure retirement or repayment, and such loans may be
4 made either directly or in cooperation with banks or other
5 lending institutions through agreements to participate or by
6 the purchase of participations or otherwise.

7 (2) No securities or obligations shall be purchased, and
8 no loans shall be made, including renewals or extensions
9 thereof, which have maturity dates in excess of forty years.

10 (c) In the processing of applications for financial
11 assistance under this section the Administrator shall give
12 priority to applications of smaller municipalities for assistance
13 in the construction of basic public works (including works for
14 the storage, treatment, purification, or distribution of water;
15 sewage, sewage treatment, and sewer facilities; and gas dis-
16 tribution systems) for which there is an urgent and vital
17 public need. As used in this section, a "smaller municipal-
18 ity" means an incorporated or unincorporated town, or other
19 political subdivision of a State, which had a population of
20 less than ten thousand inhabitants at the time of the last
21 Federal census.

22

FINANCING

23 SEC. 203. (a) In order to finance activities under this
24 title, the Administrator is authorized and empowered to issue
25 to the Secretary of the Treasury, from time to time and to

1 have outstanding at any one time, in an amount not exceed-
2 ing \$100,000,000, notes and other obligations. Such obliga-
3 tions shall be in such forms and denominations, have such
4 maturities and be subject to such terms and conditions as
5 may be prescribed by the Administrator, with the approval
6 of the Secretary of the Treasury. Such notes or other obli-
7 gations shall bear interest at a rate determined by the Secre-
8 tary of the Treasury, taking into consideration the current
9 average rate on outstanding marketable obligations of the
10 United States of comparable maturities as of the last day of
11 the month preceding the issuance of such notes or other
12 obligations. The Secretary of the Treasury is authorized
13 and directed to purchase any notes and other obligations of
14 the Administrator to be issued hereunder and for such pur-
15 pose the Secretary of the Treasury is authorized to use as a
16 public debt transaction the proceeds from the sale of any
17 securities issued under the Second Liberty Bond Act, as
18 amended, and the purposes for which securities may be
19 issued under such Act, as amended, are extended to include
20 any purchases of such notes and obligations. The Secretary
21 of the Treasury may at any time sell any of the notes or
22 other obligations acquired by him under this section. All
23 redemptions, purchases, and sales by the Secretary of the
24 Treasury of such notes or other obligations shall be treated
25 as public debt transactions of the United States.

(b) Funds borrowed under this section and any proceeds shall constitute a revolving fund which may be used by the Administrator in the exercise of his functions under this title.

GENERAL PROVISIONS

6 SEC. 204. In the performance of, and with respect to,
7 the functions, powers, and duties vested in him by this title
8 the Administrator shall (in addition to any authority other-
9 wise vested in him) have the functions, powers, and duties
10 set forth in section 402, except subsection (c) (2), of the
11 Housing Act of 1950. Funds obtained or held by the Ad-
12 ministrator in connection with the performance of his func-
13 tions under this title shall be available for the administrative
14 expenses of the Administrator in connection with the per-
15 formance of such functions.

SEC. 205. No loans shall be made under section 108 of the Reconstruction Finance Corporation Liquidation Act (67 Stat. 230), as amended, after the date of enactment of this Act, except pursuant to an application for such loan filed prior to such date.

TITLE III—COLLEGE HOUSING

22 SEC. 301. Section 401 of title IV of the Housing Act of
23 1950, as amended, is hereby amended to read as follows:

24 “SEC. 401. (a) To assist educational institutions in

1 providing housing and other educational facilities for stu-
2 dents and faculties, the Administrator may make loans of
3 funds to such institutions for the construction of such facili-
4 ties: *Provided*, That (1) no such loan shall be made unless
5 the educational institution shows that it is unable to secure
6 the necessary funds for such construction from other sources
7 upon terms and conditions equally as favorable as the terms
8 and conditions applicable to loans under this title, and (2)
9 no such loan shall be made unless the Administrator finds
10 that the construction will be undertaken in an economical
11 manner, and that it will not be of elaborate or extravagant
12 design or materials.

13 “(b) Any educational institution which, prior to the
14 date of enactment of this Act, has contracted for housing
15 or other educational facilities may, in connection therewith,
16 receive loans authorized under this title, as the Administra-
17 tor may determine: *Provided*, That no such loan shall be
18 made for any housing or other educational facilities, the
19 construction of which was begun prior to the effective date
20 of this Act, or completed prior to the filing of an applica-
21 tion under this title.

22 “(c) A loan to an educational institution may be in
23 an amount not exceeding the total development cost of the
24 facility, as determined by the Administrator; shall be secured
25 in such manner and be repaid within such period, not exceed-

ing fifty years, as may be determined by him; and with respect to loan contracts entered into after the date of enactment of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (1) $2\frac{3}{4}$ per centum per annum, or (2) the total of one-quarter of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in subsection (e) of this section.

“(d) To obtain funds for loans under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$500,000,000: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$100,000,000.

“(e) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Secretary of the Treasury which shall be

1 not more than the higher of (1) $2\frac{1}{2}$ per centum per annum,
2 or (2) the average annual interest rate on all interest-
3 bearing obligations of the United States then forming a part
4 of the public debt as computed at the end of the fiscal year
5 next preceding the issuance by the Administrator and
6 adjusted to the nearest one-eighth of 1 per centum. The
7 Secretary of the Treasury is authorized and directed to
8 purchase any notes and other obligations of the Adminis-
9 trator issued under this title and for such purpose is author-
10 ized to use as a public-debt transaction the proceeds from
11 the sale of any securities issued under the Second Liberty
12 Bond Act, as amended, and the purposes for which securities
13 may be issued under such Act, as amended, are extended
14 to include any purchases of such notes and other obligations.
15 The Secretary of the Treasury may at any time sell any
16 of the notes or other obligations acquired by him under
17 this section. All redemptions, purchases, and sales by the
18 Secretary of the Treasury of such notes or other obliga-
19 tions shall be treated as public-debt transactions of the
20 United States.

21 “(f) There are hereby authorized to be appropriated
22 to the Administrator such sums as may be necessary, to-
23 gether with loan principal and interest payments made by
24 educational institutions assisted hereunder, for payments on

1 notes or other obligations issued by the Administrator under
2 this section.”

3 SEC. 302. That subsection (c) of section 404 of title
4 IV of the Housing Act of 1950, as amended, is hereby
5 amended to read as follows:

6 “(c) ‘Development cost’ means costs of the construc-
7 tion of the housing or other educational facilities and the
8 land on which it is located, including necessary site im-
9 provements to permit its use for housing or other educa-
10 tional facilities.”

11 SEC. 303. Section 404 of title IV of the Housing Act
12 of 1950, as amended, is amended by—

13 (1) striking out subsection (b) and inserting in
14 lieu thereof the following:

15 “(b) ‘Educational institution’ means (1) any educa-
16 tional institution offering at least a two-year program
17 acceptable for full credit toward a baccalaureate degree,
18 including any public educational institution, or any private
19 educational institution no part of the net earnings of which
20 inures to the benefit of any private shareholder or individual,
21 and (2) any educational or philanthropic corporation (no
22 part of the net earnings of which inures to the benefit of
23 any private shareholder or individual) (A) established by

any institution included in clause (1) of this subsection for the sole purpose of providing housing or other educational facilities for students or students and faculty of such institution without regard to their membership in or affiliation with any social, fraternal, or honorary society or organization, and (B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan secured under this title will pass to such institution.”; and

(2) adding at the end thereof the following new subsection:

“(h) ‘Other educational facilities’ means (1) new structures suitable for use as cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, and for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.”.

SEC. 304. This title may be cited as the “College Housing Amendments of 1955”.

TITLE IV—ARMED SERVICES HOUSING MORTGAGE INSURANCE

SEC. 401. Title VIII of the National Housing Act, as amended, is hereby amended to read as follows:

1 “TITLE VIII—ARMED SERVICES HOUSING
2 MORTGAGE INSURANCE

3 “SEC. 801. As used in this title—

4 “(a) The term ‘mortgage’ means a first mortgage on
5 real estate, in fee simple, or on a leasehold (1) under a
6 lease for not less than ninety-nine years which is renewable;
7 or (2) under a lease for a period of not less than fifty years
8 to run from the date the mortgage was executed; and the
9 term ‘first mortgage’ means such classes of first liens as are
10 commonly given to secure advances on, or the unpaid pur-
11 chase price of, real estate, under the laws of the State in
12 which the real estate is located, together with the credit
13 instruments, if any, secured thereby.

14 “(b) The term ‘mortgagee’ includes the original lender
15 under a mortgage, and his successors and assigns approved
16 by the Commissioner; and the term ‘mortgagor’ includes
17 the original borrower under a mortgage, his successors and
18 assigns (including the United States acting through the
19 Secretary of Defense or his designee, and his assigns).

20 “(c) The term ‘maturity date’ means the date on which
21 the mortgage indebtedness would be extinguished if paid in
22 accordance with periodic payments provided for in the
23 mortgage.

24 “(d) The term ‘housing accommodations’ means hous-

1 ing designed for occupancy by military personnel and their
2 dependents, assigned to duty at or near the military installa-
3 tion where such housing units are constructed.

4 “(e) The term ‘personnel’ shall include personnel of
5 the military and civilian personnel approved by the Secre-
6 tary of Defense, or his designee, and the dependents of all
7 such personnel.

8 “(f) The term ‘military’ includes Army, Navy, Marine
9 Corps, and Air Force.

10 “(g) The term ‘State’ includes the several States and
11 Alaska, Hawaii, Puerto Rico, the District of Columbia,
12 Guam, and the Virgin Islands.

13 “SEC. 802. The Military Housing Insurance Fund
14 created by this section prior to amendment thereto shall
15 hereafter be known as the Armed Services Housing Mort-
16 gage Insurance Fund. General expenses of operation of
17 the Federal Housing Administration under this title (in-
18 cluding operations with respect to mortgages insured or to
19 be insured pursuant to this title prior to enactment of the
20 Housing Amendments of 1955) may be charged to the
21 Armed Services Housing Mortgage Insurance Fund.

22 “SEC. 803. (a) In order to assist in relieving the acute
23 shortage and urgent need for family housing which now
24 exists at or in areas adjacent to military installations because
25 of uncertainty as to the permanency of such installations and

1 to increase the supply of necessary family housing accommo-
2 dations for personnel at such installations, the Commissioner
3 is authorized, upon application of the mortgagee, to insure
4 mortgages (including advances on such mortgages during
5 construction) which are eligible for insurance as hereinafter
6 provided, and, upon such terms as the Commissioner may
7 prescribe, to make commitments for so insuring such mort-
8 gages prior to the date of their execution or disbursement
9 thereon: *Provided*, That the aggregate amount of principal
10 obligations of all mortgages insured under this title shall not
11 exceed \$1,350,000,000: *And provided further*, That the
12 limitation in section 217 of this Act shall not apply to this
13 title: *And provided further*, That no mortgage shall be in-
14 sured under this title after June 30, 1958, except pursuant
15 to a commitment to insure issued before such date.

16 “(b) To be eligible for insurance under this title a
17 mortgage shall meet the following conditions:

18 “(1) The mortgaged property shall be held by a mort-
19 gator approved by the Commissioner. The Commissioner
20 may, in his discretion, require such mortgator to be regu-
21 lated or restricted as to capital structure, and methods of
22 operation. The Commissioner may make such contracts
23 with, and acquire for not to exceed \$100 stock or interest
24 in, any such mortgator, as the Commissioner may deem nec-
25 essary to render effective such restriction or regulation. Such

1 stock or interest shall be paid for out of the Armed Services
2 Housing Mortgage Insurance Fund, and shall be redeemed
3 by the mortgagor at par upon the termination of all obliga-
4 tions of the Commissioner under the insurance.

5 “(2) The mortgaged property shall be designed for use
6 for residential purposes by personnel of the armed services
7 and situated at or near a military installation, and the Secre-
8 tary shall have certified that there is no intention, so far as
9 can reasonably be foreseen, to curtail the personnel assigned
10 or to be assigned to such installation, and (i) shall have
11 determined that for reasons of safety, security, or other
12 essential military requirements, it is necessary that the
13 personnel involved reside in public quarters, or (ii) after
14 consultation with the Housing and Home Finance Admin-
15 istrator, shall have determined that adequate housing is not
16 available for such personnel (and cannot otherwise be ac-
17 quired or provided when needed from public or private
18 sources) at reasonable rentals within reasonable commuting
19 distance of the installation. The housing accommodations
20 shall comply with such standards and conditions as the
21 Commissioner may prescribe to establish the acceptability
22 of such property for mortgage insurance, except that the
23 certification of the Secretary of Defense, or his designee,
24 shall (for purposes of mortgage insurance under this title)
25 be conclusive evidence to the Commissioner of the existence

1 of the need for such housing. However, if the Commis-
2 sioner does not concur in the housing needs as certified
3 by the Secretary, the Commissioner may require the Sec-
4 retary to guarantee the Armed Services Housing Mortgage
5 Insurance Fund from loss with respect to the mortgage
6 covering such housing.

7 “(3) The mortgage shall involve a principal obligation
8 in an amount—

9 “(A) not to exceed the amount which the Com-
10 missioner estimates will be the replacement cost of
11 the property or project when the proposed improvements
12 are completed (the cost of the property or project as
13 such term is used in this paragraph may include the
14 cost of the land, the physical improvements, and utili-
15 ties within the boundaries of the property or project) ;

16 “(B) not to exceed an average of \$13,500 per
17 family unit for such part of such property or project
18 as may be attributable to dwelling use: *Provided,*
19 That the replacement cost of the property or project
20 as determined by the Commissioner, including the
21 estimated value of the utilities within the bound-
22 aries of the property or project where owned by the
23 United States and not provided for out of the proceeds
24 of the mortgage, shall not exceed an average of
25 \$13,500 per family unit; and

1 “(C) not to exceed the bid of the eligible builder
2 of the property or project under section 403 of the
3 Housing Amendments of 1955.

4 The mortgage shall provide for complete amortization by
5 periodic payments within such terms as the Commissioner
6 shall prescribe, have a maturity not to exceed thirty
7 years, and shall bear interest (exclusive of premium charges
8 for insurance) at not to exceed 4 per centum per annum
9 of the amount of the principal obligation outstanding at any
10 time. The Commissioner may consent to the release of a
11 part or parts of the mortgaged property from the lien of the
12 mortgage upon such terms and conditions as he may
13 prescribe and the mortgage may provide for such release.

14 “(c) The Commissioner is authorized to fix a premium
15 charge for the insurance of mortgages under this title but
16 in the case of any mortgage such charge shall not be less
17 than an amount equivalent to one-half of 1 per centum per
18 annum nor more than an amount equivalent to $1\frac{1}{2}$ per
19 centum per annum of the amount of the principal obliga-
20 tion of the mortgage outstanding at any time, without taking
21 into account delinquent payments or prepayments. Such
22 premium charges shall be payable by the mortgagee, either
23 in cash, or in debentures issued by the Commissioner under
24 this title at par plus accrued interest, in such manner as
25 may be prescribed by the Commissioner: *Provided*, That the

1 Commissioner may require the payment of one or more
2 such premium charges at the time the mortgage is insured,
3 at such discount rate as he may prescribe not in excess
4 of the interest rate specified in the mortgage. If the Com-
5 missioner finds, upon the presentation of a mortgage for
6 insurance and the tender of the initial premium charge and
7 such other charges as the Commissioner may require, that
8 the mortgage complies with the provisions of this title, such
9 mortgage may be accepted for insurance by endorsement or
10 otherwise as the Commissioner may prescribe. In the event
11 that the principal obligation of any mortgage accepted for
12 insurance under this title is paid in full prior to the maturity
13 date, the Commissioner is authorized to refund to the mort-
14 gagee for the account of the mortgagor all, or such por-
15 tion as he shall determine to be equitable, of the current
16 unearned premium charges theretofore paid.

17 “(d) The failure of the mortgagor to make any pay-
18 ment due under or provided to be paid by the terms of a
19 mortgage insured under this title shall be considered a de-
20 fault under such mortgage, and, if such default continues for
21 a period of thirty days, the mortgagee shall be entitled to
22 receive the benefits of the insurance as hereinafter provided,
23 upon assignment, transfer, and delivery to the Commissioner,
24 within a period and in accordance with rules and regulations
25 to be prescribed by the Commissioner of (1) all rights and

1 interest arising under the mortgage so in default; (2) all
2 claims of the mortgagee against the mortgagor or others,
3 arising out of the mortgage transactions; (3) all policies of
4 title or other insurance or surety bonds or other guaranties
5 and any and all claims thereunder; (4) any balance of the
6 mortgage loan not advanced to the mortgagor; (5) any cash
7 or property held by the mortgagee, or to which it is entitled,
8 as deposits made for the account of the mortgagor and which
9 have not been applied in reduction of the principal of the
10 mortgage indebtedness; and (6) all records, documents,
11 books, papers, and accounts relating to the mortgage trans-
12 action. Upon such assignment, transfer, and delivery, the
13 obligation of the mortgagee to pay the premium charges for
14 mortgage insurance shall cease, and the Commissioner shall,
15 subject to the cash adjustment provided for in subsection (e)
16 of this section, issue to the mortgagee debentures having a
17 total face value equal to the value of the mortgage, and a
18 certificate of claim as hereinafter provided. For the pur-
19 poses of this subsection, the value of the mortgage shall
20 be determined in accordance with rules and regulations pre-
21 scribed by the Commissioner, by adding to the amount of the
22 original principal obligation of the mortgage which was un-
23 paid on the date of default, the amount the mortgagee may
24 have paid for (A) taxes, special assessments, and water
25 rates, which are liens prior to the mortgage; (B) insurance

1 on the property; and (C) reasonable expenses for the com-
2 pletion and preservation of the property and any mortgage
3 insurance premiums paid after default; less the sum of (i)
4 any amount received on account of the mortgage after such
5 date; and (ii) any net income received by the mortgagee
6 from the property after such date. Upon assignment, the
7 obligation of the mortgagee to pay the premium charges for
8 insurance shall cease and the mortgagee shall be entitled to
9 receive the benefits of the insurance as provided in this sub-
10 section.

11 “(e) Debentures issued under this title shall be in such
12 form and denominations in multiples of \$50, shall be subject
13 to such terms and conditions, and shall include such pro-
14 visions for redemption, if any, as may be prescribed by the
15 Commissioner with the approval of the Secretary of the
16 Treasury, and may be in coupon or registered form. Any
17 difference between the value of the mortgage determined
18 as herein provided and the aggregate face value of the deben-
19 tures issued, not to exceed \$50, shall be adjusted by the pay-
20 ment of cash by the Commissioner to the mortgagee from
21 the Armed Services Housing Mortgage Insurance Fund.

22 “(f) Debentures issued under this title shall be executed
23 in the name of the Armed Services Housing Mortgage
24 Insurance Fund as obligor, shall be signed by the Commis-
25 sioner, by either his written or engraved signature, and shall

1 be negotiable. All such debentures shall be dated as of the
2 date of default as determined in accordance with subsection
3 (d) of this section, and shall bear interest from such date
4 at a rate determined by the Commissioner with the approval
5 of the Secretary of the Treasury, at the time the mortgage
6 was accepted for insurance, but not to exceed 3 per centum
7 per annum, payable semiannually on the 1st day of January
8 and the 1st day of July of each year, and shall mature twenty
9 years after the date thereof. Such debentures shall be
10 exempt, both as to principal and interest, from all taxation
11 (except surtaxes, estate, inheritance, and gift taxes) now
12 or hereafter imposed by any Territory, dependency, or
13 possession of the United States or by the District of Colum-
14 bia, or by any State, county, municipality, or local taxing
15 authority. They shall be paid out of the Armed Services
16 Housing Mortgage Insurance Fund, which shall be primarily
17 liable therefor, and they shall be fully and unconditionally
18 guaranteed as to principal and interest by the United States,
19 and such guaranty shall be expressed on the face of the
20 debentures. In the event the Armed Services Housing
21 Mortgage Insurance Fund fails to pay upon demand, when
22 due, the principal of or interest on any debentures so guaran-
23 teed, the Secretary of the Treasury shall pay to the holders
24 the amount thereof which is hereby authorized to be appro-
25 priated, and thereupon to the extent of the amount so paid

1 the Secretary of the Treasury shall succeed to all the rights
2 of the holders of such debentures.

3 “(g) The certificate of claim issued by the Commissioner
4 to any mortgagee in connection with the insurance of mort-
5 gages under this title shall be for an amount determined in
6 accordance with subsections (e) and (f) of section 604 of
7 this Act, except that any amount remaining after the pay-
8 ment of the full amount under the certificate of claim shall
9 be retained by the Commissioner and credited to the Armed
10 Services Housing Mortgage Insurance Fund.

11 “(h) The provisions of section 207 (k) and section
12 207 (l) of this Act shall be applicable to mortgages insured
13 under this title and to property acquired by the Commissioner
14 hereunder, except that as applied to such mortgages and
15 property (1) all references in such sections to the ‘Housing
16 Fund’ shall be construed to refer to the ‘Armed Services
17 Housing Mortgage Insurance Fund’, and (2) the reference
18 in section 207 (k) to ‘subsection (g)’ shall be construed
19 to refer to ‘subsection (d)’ of this section.

20 “(i) The Commissioner shall also have power to insure
21 under this title or title II any mortgage executed in connec-
22 tion with the sale by him of any property acquired under
23 this title without regard to any limit as to eligibility, time
24 or aggregate amount contained in this title or title II.

25 “(j) Any contract of insurance executed by the Com-

1 missioner under this title shall be conclusive evidence of the
2 eligibility of the mortgage for insurance and the validity
3 of any contract of insurance so executed shall be incontestable
4 in the hands of an approved mortgagee from the date of
5 the execution of such contract, except for fraud or misrep-
6 resentation on the part of such approved mortgagee.

7 “SEC. 804. (a) Moneys in the Armed Services Housing
8 Mortgage Insurance Fund not needed for current operations
9 under this title shall be deposited with the Treasurer of the
10 United States to the credit of the Armed Services Housing
11 Mortgage Insurance Fund, or invested in bonds or other
12 obligations of, or in bonds or other obligations guaranteed
13 as to principal and interest by, the United States. The
14 Commissioner may, with the approval of the Secretary of
15 the Treasury, purchase in the open market debentures issued
16 under the provisions of this title. Such purchases shall be
17 made at a price which will provide an investment yield of
18 not less than the yield obtainable from other investments
19 authorized by this section. Debentures so purchased shall
20 be canceled and not reissued.

21 “(b) Premium charges, adjusted premium charges, and
22 appraisal and other fees, received on account of the insurance
23 of any mortgage insured under this title, the receipts derived
24 from any such mortgage or claim assigned to the Commis-

1 sioner and from any property acquired by the Commissioner,
2 and all earnings on the assets of the Armed Services Housing
3 Mortgage Insurance Fund, shall be credited to the Armed
4 Services Housing Mortgage Insurance Fund. The principal
5 of and interest paid and to be paid on debentures issued in
6 exchange for any mortgage or property insured under this
7 title, cash adjustments, and expenses incurred in the handling
8 of such mortgages or property and in the foreclosure and
9 collection of mortgages and claims assigned to the Commis-
10 sioner under this title, shall be charged to the Armed Services
11 Housing Mortgage Insurance Fund.

12 “SEC. 805. Whenever the Secretary of the Army, Navy,
13 or Air Force determines that it is necessary to lease any land
14 held by the United States on or near a military installation
15 to effectuate the purposes of this title, he may lease such land
16 upon such terms and conditions as will, in his opinion, best
17 serve the national interest. Whenever the Secretary of the
18 Army, Navy, or Air Force determines it to be in the
19 interest of national defense, he is hereby authorized to sell,
20 transfer, and convey at fair value (as determined by him),
21 for use under this title, all or any right, title, and interest
22 in any real property under his jurisdiction, notwithstanding
23 any limitations or requirements of law with respect to the
24 use or disposition of such property. The authority conferred

1 by this section shall be in addition to and not in derogation
2 of any other power or authority of the Secretary of the
3 Army, Navy, or Air Force.

4 "SEC. 806. The second sentence of section 214 of the
5 National Housing Act, as amended, relating to housing in
6 the Territory of Alaska, shall not apply to mortgages insured
7 under this title on property in said Territory.

8 "SEC. 807. Nothing in this title shall be construed to
9 exempt any real property after being acquired and held by
10 the Commissioner under section 803 (d) of this title from
11 taxation by any State or political subdivision thereof, to the
12 same extent, according to its value, as other real property is
13 taxed.

14 "SEC. 808. The Commissioner is authorized and directed
15 to make such rules and regulations as may be necessary to
16 carry out the provisions of this title. In the performance of,
17 and with respect to, the functions, powers, and duties vested
18 in him by this title, the Commissioner, notwithstanding the
19 provisions of any other law, shall appoint a Special Assistant
20 for Armed Services Housing for Mortgage Insurance, and
21 provide the Special Assistant with adequate staff, whose
22 whole responsibility will be to expedite operations under this
23 title and to eliminate administrative obstacles to the full
24 utilization of this title under the direction and supervision of
25 the Commissioner.

1 “SEC. 809. The cost certification required under section
2 227 of this Act shall not be required with respect to mort-
3 gages insured under the provisions of this title as amended
4 by the Housing Amendments of 1955.”

5 SEC. 402. Section 305 of the National Housing Act,
6 as amended, is amended by adding the following at the end
7 thereof:

8 “(f) Notwithstanding any other provision of this Act,
9 the Association is authorized to make commitments to pur-
10 chase and to purchase, service, or sell, any mortgage (or
11 participation therein) which is insured under title VIII of
12 this Act, as amended by the Housing Amendments of 1955.”

13 SEC. 403. (a) The Secretary of Defense or his designee
14 is hereby authorized to enter into contracts with any eligible
15 builder to provide for the construction of urgently needed
16 housing on lands owned or leased by the United States and
17 situated on or near a military reservation or installation for
18 the purpose of providing suitable living accommodations for
19 military personnel of the armed services assigned to duty
20 at the military installation at or in the area where the housing
21 is situated. Any such contract shall contain such terms and
22 conditions as the Secretary may determine to be necessary
23 to protect the interests of the United States, including the
24 amount of the mortgage that the Federal Housing Commis-
25 sioner shall insure. Before the Secretary shall enter into any

1 contract with any builder as authorized by this section for
2 the construction of housing, he shall invite the submission
3 of competitive bids after advertising in the manner prescribed
4 in section 3 of the Armed Services Procurement Act of 1947.

5 (b) For the purposes of this title, the term "eligible
6 builder" means a person, partnership, firm, or corporation
7 determined by the Secretary after consultation with the
8 Commissioner (1) to be qualified by experience and finan-
9 cial responsibility to construct housing of the type described
10 in subsection (a) of this section, and (2) to have submitted
11 the lowest acceptable bid.

12 (c) Notwithstanding any other provision of law, the
13 Secretary of Defense or his designee is authorized to acquire,
14 by lease or otherwise, the housing constructed pursuant to
15 such contracts; to maintain and operate such housing; to
16 assume or guarantee the payment of notes, mortgages, or
17 other legal instruments, required by the Commissioner or the
18 mortgagee, of the owners or mortgagors or prospective owners
19 or mortgagors constructing housing projects insured under
20 title VIII of the National Housing Act, as amended by the
21 Housing Amendments of 1955; and to make payments
22 thereon; to guarantee the Armed Services Housing Mortgage
23 Insurance Fund against loss in the cases where so required;
24 but all rental or other payments made during any year in the
25 case of any housing so acquired shall not exceed an average

1 living unit payment of \$90 per month and, in the case of any
2 one of the military departments, total payments for all
3 housing so acquired shall not exceed \$9,000,000 per month.

4 SEC. 404. Whenever the Secretary of Defense or his
5 designee shall deem it necessary for the purposes of this title,
6 he may acquire by purchase, donation, or other means of
7 transfer, or may cause proceedings to be instituted in any
8 court having jurisdiction of such proceedings to acquire by
9 condemnation, any unimproved land, or any housing financed
10 with mortgages insured under the provisions of title VIII
11 of the National Housing Act as in effect prior to the enact-
12 ment of the Housing Amendments of 1955. Notwithstand-
13 ing the provisions of any other law except as may hereafter
14 be enacted in express amendment hereof, the price paid for
15 any such unimproved land or housing purchased by the
16 Secretary under this or any other law shall be the fair market
17 value of such land or housing as determined by the Secretary
18 on the basis of an independent appraisal, and, in connection
19 with any agreements to purchase such housing, the Secretary
20 of Defense or his designee may assume, or purchase subject
21 to, any such mortgage. Any such condemnation proceedings
22 shall be conducted in accordance with the provisions of the
23 Act of August 1, 1888 (25 Stat. 357), as amended, or any
24 other applicable Federal statute. Before condemnation pro-
25 ceedings are instituted pursuant to this section, an effort

1 shall be made to acquire the property involved by negotiation
2 unless, because of reasonable doubt as to the identity of the
3 owner or owners, because of the large number of persons
4 with whom it would be necessary to negotiate, or for other
5 reasons, the effort to acquire by negotiation would involve.
6 in the judgment of the Secretary, such delay in acquiring
7 the property as to be contrary to the interest of national
8 defense. In any condemnation proceeding instituted pursu-
9 ant to this section, the court shall not order the party in
10 possession to surrender possession in advance of final judg-
11 ment unless a declaration of taking has been filed, and a
12 deposit of the amount estimated to be just compensation has
13 been made, under the first section of the Act of February
14 26, 1931 (46 Stat. 1421), providing for such declarations.
15 Unless title is in dispute, the courts, upon application, shall
16 promptly pay to the owner at least 75 per centum of the
17 amount so deposited, but such payment shall be made without
18 prejudice to any party to the proceeding. Property acquired
19 under this section may be occupied, used, and improved for
20 the purposes of this section prior to the approval of title by
21 the Attorney General as required by section 355 of the
22 Revised Statutes, as amended.

23 SEC. 405. The Secretary of Defense or his designee is
24 authorized to assign quarters in any housing acquired under
25 this title to military personnel and civilian personnel ap-

1 proved by the Secretary of Defense or his designee and
2 the dependents of all such personnel. Quarters' allowances
3 or appropriate allotments, if any, of the personnel so assigned
4 may be withheld and used as provided in this title. Any
5 funds heretofore or hereafter authorized to be expended by
6 any of the military departments for the payment of allow-
7 ances for quarters for military personnel, or for other pur-
8 poses relating to dwelling accommodations, may be used
9 as provided in this section. Quarters' allowances and other
10 funds withheld from military personnel as herein provided
11 shall be deposited in a special account which shall be estab-
12 lished. Moneys in such special account shall be applied,
13 first, to payments of principal, interest, and insurance pre-
14 miums; second, to the payment of the expenses of opera-
15 tion and ordinary maintenance of such project; and third, to
16 the payment of an annual charge for the establishment of
17 a reasonable reserve for repairs, maintenance, and replace-
18 ment. Insofar as practicable each such project shall be
19 operated on a self-liquidating basis whereby all expenses
20 of capitalization, operation, and maintenance will be paid
21 from quarters' allowances or other funds withheld and
22 deposited hereunder in such special account.

23 SEC. 406. Whenever the Secretary of Defense or his
24 designee determines that it is desirable in order to effectuate
25 the purposes of this title, the Secretary is authorized, with-

1 out regard to the civil service and classification laws, to pro-
2 cure, by negotiation or otherwise, the services of architects
3 and engineers, or organizations thereof, under such arrange-
4 ments as he deems desirable, but at an expense not in excess
5 of that permissible under the schedule of fees allowed from
6 time to time by the Public Housing Administration in con-
7 nection with projects assisted under the United States Hous-
8 ing Act of 1937, as amended. Such services may include
9 the development of plans, drawings, and specifications for
10 family housing under this title and other services in connec-
11 tion therewith: *Provided*, That such plans, drawings, and
12 specifications may include the use on any project to be con-
13 structed under this title of alternate materials or alternate
14 types of construction, including prefabrication, that provide
15 substantially equal value and conform to standards estab-
16 lished by the Federal Housing Commissioner: *Provided*
17 *further*, That the Secretary may designate certain sites or
18 parts thereof for family housing to be furnished from pre-
19 fabricated houses or housing components. Such arrange-
20 ments may include provision for advance or progress pay-
21 ments, for payment by third parties, for payment by the
22 Government of any such compensation as is not paid for by
23 third parties, and shall include provision for reimbursement
24 by third parties to the Government of any compensation or
25 other expenses paid by the Government pursuant to this

1 section, and may include other provisions for compensation.
2 Any public works appropriations now or hereafter available
3 to the Departments of the Army, Navy, or Air Force may be
4 obligated by the respective departments for these purposes.
5 Reimbursements to the Government on account of payments
6 made pursuant to this section shall be made to appropriations
7 against which such payments were charged. The Secretary
8 is further authorized to advance or pay to the Federal Hous-
9 ing Administration its "Appraisal and Eligibility Statement"
10 fees in connection with such family housing. The Secretary
11 is further authorized to enter into arrangements by contract
12 or otherwise for eventual acquisition by the Government,
13 without cost to the Government of all right, title, and interest
14 in sites on which housing is constructed pursuant to this title
15 and improvements thereon.

16 SEC. 407. (a) There are hereby authorized to be appro-
17 priated such sums as may be necessary to carry out the pro-
18 visions of sections 403 through 406 of this Act.

19 (b) Any funds heretofore or hereafter authorized to be
20 expended by any of the military departments for the payment
21 of allowances for quarters for military personnel may be used
22 for the purposes specified in subsection (a) above.

23 SEC. 408. Notwithstanding the provisions of section 401
24 of this Act, the provisions of title VIII of the National
25 Housing Act in effect prior to the enactment of the Housing

1 Amendments of 1955 shall continue in full force and effect
2 with respect to all mortgages insured pursuant to a certifi-
3 cation by the Secretary of Defense or his designee made on
4 or before June 30, 1955 and a commitment to insure issued
5 on or before June 30, 1956, except that the maximum dollar
6 amount for each such mortgage shall be \$12,500,000.

7 TITLE V—SMOKE ELIMINATION AND AIR POL-
8 LUTION PREVENTION

9 SEC. 501. The National Housing Act, as amended, is
10 amended by adding at the end thereof a new title as follows:

11 “TITLE X—SMOKE ELIMINATION AND AIR
12 POLLUTION PREVENTION

13 “SEC. 1001. The Congress hereby declares that smoke
14 elimination and air pollution prevention are important fac-
15 tors in the prevention and rehabilitation of slums and
16 blighted areas and in the conservation of the health and
17 property of the people of the United States. It is the ob-
18 jective of this title to assist in smoke elimination and air
19 pollution prevention by providing for research and loans.

20 “SEC. 1002. (a) The Secretary of Health, Education,
21 and Welfare (hereinafter referred to in this title as the
22 Secretary) shall undertake and conduct a program of tech-
23 nical research and studies concerned with (a) causes,
24 hazards, and effects of air pollution and excessive smoke,
25 (b) devices, structures, machinery, equipment, and methods

1 (including methods of selecting and using fuels) for the
2 prevention or elimination of excessive smoke and air pollu-
3 tion or the collection of atmospheric contaminants, and (c)
4 guidance and assistance to States and local communities in
5 smoke abatement and air pollution prevention and control.

6 “(b) Contracts may be made by the Secretary for
7 technical research and studies authorized by this section for
8 work to continue not more than four years from the date
9 of any such contract. Any unexpended balances of appro-
10 priations properly obligated by such contracting may remain
11 upon the books of the Treasury for not more than five fiscal
12 years before being carried to the surplus fund and covered
13 into the Treasury. All contracts made by the Secretary for
14 technical research and studies authorized by this or any other
15 Act shall contain requirements making the results of such
16 research or studies available to the public through dedication,
17 assignment to the Government, or such other means as the
18 Secretary shall determine. The Secretary shall disseminate,
19 and without regard to the provisions of section 306 of the
20 Penalty Mail Act of 1948, the results of such research and
21 studies in such form as may be most useful to industry and
22 to the general public.

23 “(c) In carrying out research and studies under this
24 title, the Secretary shall utilize, to the fullest extent feasible,
25 the available facilities of existing bureaus and offices within

1 the Department of Health, Education, and Welfare, other
2 departments, independent establishments, and agencies of the
3 Federal Government, and shall consult with, and make rec-
4 ommendations to, such other departments, independent es-
5 tablishments, and agencies with respect to such action as
6 may be necessary and desirable to overcome existing gaps
7 and deficiencies in available data with respect to excessive
8 smoke and air pollution causes, prevention, and control or
9 in the facilities available for the collection of such data. For
10 the purposes of this title, the Secretary is further authorized
11 to undertake research and studies cooperatively with agen-
12 cies of State or local governments, and educational institu-
13 tions, and other nonprofit organizations, and may, in addi-
14 tion to and not in derogation of any powers and authorities
15 conferred under any other Act—

16 “(1) with the consent of the agency or organiza-
17 tion concerned, accept and utilize equipment, facilities,
18 or the services of employees of any State or local public
19 agency or instrumentality, educational institution, or
20 nonprofit agency or organization and, in connection with
21 the utilization of such services, may make payments for
22 transportation while away from their homes or regular
23 places of business and per diem in lieu of subsistence en
24 route and at place of such service, in accordance with

1 the provisions of section 5 of Public Law 600, approved
2 August 2, 1946;

3 “(2) utilize, contract with, and act through, without
4 regard to section 3709 of the Revised Statutes, any
5 Federal, State, or local public agency or instrumentality,
6 educational institution, or nonprofit agency or organi-
7 zation with its consent, and any funds available to the
8 Secretary for carrying out his functions, powers, and
9 duties under this section shall be available to reimburse
10 or pay any such agency, instrumentality, institution, or
11 organization; and, whenever necessary in the judgment
12 of the Secretary, he may make advance, progress, or
13 other payments with respect to such contracts without
14 regard to the provisions of section 3648 of the Revised
15 Statutes; and

16 “(3) make expenditures for all necessary expenses,
17 including preparation, mounting, shipping, and installa-
18 tion of exhibits; purchase and exchange of technical
19 apparatus; and such other expenses as may, from time
20 to time, be found necessary in carrying out the Secre-
21 tary's functions, powers, and duties under this title.

22 “(d) In addition to the foregoing, the Secretary is
23 further authorized, for the purposes of this title, to make ar-
24 rangements for cooperative studies with industry and other

1 private organizations, and to make grants to public and
2 private agencies and institutions for research, training, and
3 demonstration projects.

4 “(e) There is hereby authorized to be appropriated to
5 carry out the purposes of this section, such sums as may
6 be necessary therefor.

7 “SEC. 1003. (a) The Housing and Home Finance
8 Administrator (hereinafter referred to in this title as the
9 Administrator) within the limits hereinafter provided, is
10 authorized to purchase the obligations of, and to make loans
11 to, any business enterprise to aid in financing the purchase,
12 installation, construction, reconstruction, or remodeling of
13 any device, structure, machinery, or equipment used or to
14 be used in connection with the enterprise’s business activities
15 where the purchase, installation, construction, reconstruc-
16 tion, or remodeling would (1) substantially reduce the
17 amount of smoke or air pollution or contamination in the
18 community in which the device, structure, machinery, or
19 equipment is located or to be located, or (2) in conjunc-
20 tion with other proposed action in the community, substan-
21 tially reduce the amount of such smoke, pollution, or
22 contamination.

23 “(b) No financial assistance shall be extended pursuant
24 to this section unless (1) the financial assistance applied
25 for is not otherwise available on reasonable terms, and (2)

1 the Administrator finds that in the community in which
2 the financial assistance is to be used there exists a work-
3 able program for effectively dealing with the problem of
4 smoke or air pollution or contamination. All securities and
5 obligations purchased and all loans made shall be of such
6 sound value or so secured as reasonably to assure retirement
7 or repayment and such loans shall be made in cooperation
8 with banks or other lending institutions through agreements
9 to participate or by the purchase of participations, or other-
10 wise.

11 “(c) Loans made pursuant to this section may be made
12 subject to the condition that, if at any time or times or for
13 any period or periods during the life of the loan contract
14 the business enterprise can obtain loan funds from sources
15 other than the Federal Government at interest rates as low
16 as or lower than provided in the loan contract, it may do so
17 with the consent of the Administrator at such times and for
18 such periods without waiving or surrendering any rights to
19 loan funds under the contract for the remainder of the life of
20 such contract, and, in any such case, the Administrator is
21 authorized to consent to a pledge by the business enterprise
22 of the loan contract, and any or all of its rights thereunder,
23 as security for the repayment of the loan funds so obtained
24 from other sources.

25 “(d) The loans shall be repaid within such period, not

1 exceeding twenty years, as may be determined by the Ad-
2 ministrator, and shall bear interest at a rate determined by
3 the Administrator which shall be not less than 1 per centum
4 plus the base annual rate which the Secretary of the Treasury
5 shall specify as applicable to the six-month period (beginning
6 with the six-month period ending July 31, 1955) during
7 which the contract for the loans is made: *Provided*, That
8 such base annual rate for each six-month period shall be
9 determined by the Secretary of the Treasury by estimating
10 the average yield to maturity, on the basis of daily closing
11 market bid quotations or prices during the month of May or
12 the month of November, as the case may be, next preceding
13 such six-month period, on all outstanding marketable obli-
14 gations of the United States having a maturity date of fifteen
15 or more years from the first day of such month of May or
16 November, and by adjusting such estimated average annual
17 yield to the nearest one-eighth of 1 per centum.

18 “(e) The total amount of investments, loans, purchases,
19 and commitments made pursuant to this section shall not
20 exceed \$50,000,000 outstanding at any one time.

21 “(f) There are hereby authorized to be appropriated
22 such sums as may be necessary to carry out the purposes
23 of this section. Funds made available to the Administrator

1 pursuant to the provisions of this section shall be deposited in
2 a checking account or accounts with the Treasurer of the
3 United States. Receipts and assets obtained or held by the
4 Administrator in connection with the performance of his
5 functions under this section, and all funds available for carry-
6 ing out the functions of the Administrator under this section,
7 shall be available for any of the purposes of this section,
8 including administrative expenses of the Administrator in
9 connection with the performance of such functions.

10 “(g) Not more than 10 per centum of the funds pro-
11 vided for in this section in the form of loans shall be made
12 available within any one State.

13 “(h) In the performance of, and with respect to, the
14 functions, powers, and duties vested in him by this section
15 the Administrator shall (in addition to any authority other-
16 wise vested in him) have the functions, powers, and duties
17 set forth in section 402 (c), except subsection (2), of the
18 Housing Act of 1950.

19 “SEC. 1004. Nothing in this title shall be construed to
20 affect in any way the availability of amounts otherwise ap-
21 propriated for work in the field of smoke elimination and
22 air pollution prevention; nor to interfere with or diminish
23 any programs now being carried on by or through any
24 Federal agency for such purposes.”

TITLE VI—FARM HOUSING

SEC. 601. Title V of the Housing Act of 1949, as amended, is hereby further amended as follows:

(1) Section 501 (a) is amended by inserting after “Farmers Home Administration,” the phrase “and to insure loans,”.

(2) Section 502 is amended by adding the following new subparagraph (c) :

“(c) (1) The Secretary is authorized to insure and make commitments to insure loans made to eligible applicants for the purposes specified in this title and to take as security for the obligations entered into in connection with such loans first or second mortgages on the farms with respect to which such loans are made and such other security as may be required by the Secretary. Such mortgages shall create a lien running to the United States for the benefit of the insurance fund, notwithstanding the fact that the note may be held by the lender or his assignee. Loans insured under this section shall bear interest at the rate of not exceeding $4\frac{1}{2}$ per centum per annum and shall be on such other terms and conditions as the Secretary may prescribe, including agreement by the Secretary to repurchase such loans whether or not in default upon such terms and conditions as the Secretary shall prescribe. The Secretary shall require the borrower to pay such insurance

1 charges as he deems proper, taking into account the amount
2 of the loan and any prior liens: *Provided, however,* That
3 the charge shall be payable in advance at intervals of one
4 year or less and shall be at a rate equal to at least 1 per
5 centum of the principal outstanding on the loan on any due
6 date of the charge. One-half of all insurance charges shall
7 become a part of the fund and one-half shall be deposited
8 in the Treasury of the United States and shall be available
9 for administrative expenses in connection with the insurance
10 of loans.

11 “(2) The Secretary shall utilize the insurance fund
12 created by section 11 of the Bankhead-Jones Farm Tenant
13 Act, as amended, and the provisions of section 13 (b) and
14 (c) of said Act in connection with loans insured under this
15 section. The notes and security therefor acquired by the
16 Secretary shall become a part of the fund. The notes may
17 be held in the fund and collected according to their terms
18 or may be sold and, if necessary, reinsured. All proceeds
19 from such collections, including the liquidation of security
20 and the sale of notes, shall become a part of the fund.

21 “(3) The Secretary may utilize the fund for the pay-
22 ment of taxes, insurance, prior liens, foreclosure expenses,
23 and any other expenses incident to actions authorized by
24 section 510 (d) and (e) of this title.

25 “(4) Any loan insured under this section shall be an

1 obligation guaranteed by the United States as to principal
2 and interest and the insurance agreement shall be incontest-
3 able, except for fraud or misrepresentation of which the
4 holder has actual knowledge.

5 “(5) The aggregate amount of principal obligations
6 on loans insured under this section shall not exceed
7 \$25,000,000 in any one fiscal year.”

8 (3) In the first sentence of section 511 immediately fol-
9 lowing the phrase “July 1, 1953” strike out the word “and”
10 and insert at the end of the sentence immediately before the
11 period a comma and the following: “and an additional \$100,-
12 000,000 on and after July 1, 1955”.

13 (4) In section 512, (A) strike out “and 1954” and
14 insert “1954, and 1955”, and (B) strike out “and \$2,000,-
15 000” and insert “\$2,000,000 and \$2,000,000”.

16 (5) In section 513, strike out “and \$10,000,000 on
17 July 1 of each of the years 1950, 1951, 1952, 1953, and
18 1954” and insert “\$10,000,000, and \$10,000,000 on July
19 1 of each of the years 1950, 1951, 1952, 1953, 1954, and
20 1955”.

84TH CONGRESS
1ST SESSION

S. 2126

[Report No. 404]

A BILL

To extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

By Mr. SPARKMAN

JUNE 1 (legislative day, May 2), 1955

Read twice and ordered to be placed on the calendar

S. 2126

IN THE SENATE OF THE UNITED STATES

JUNE 1 (legislative day, MAY 2), 1955

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, viz:

1 Strike out subsections (a), (b), and (c) of section 108
2 and insert in lieu thereof the following:

3 “(a) The United States Housing Act of 1937, as
4 amended, is hereby amended by deleting section 10 (i) and
5 inserting the following:

6 ““(i) Notwithstanding the provisions of any other law,
7 the Authority may, with respect to low-rent housing initiated
8 after March 1, 1949, enter into new contracts for loans and
9 annual contributions after July 1, 1954, for not to exceed

1 thirty-five thousand additional dwelling units, which amount
2 shall be increased by thirty-five thousand additional dwelling
3 units on July 1 of the years 1955 and 1956, and may enter
4 into such new contracts for preliminary loans in respect
5 thereto as are consistent with the number of dwelling units
6 for which contracts for annual contributions may be entered
7 into hereunder: *Provided*, That the authority to enter into
8 new contracts for loans and annual contributions with respect
9 to each such thirty-five thousand additional dwelling units
10 shall terminate two years after the first date on which such
11 authority may be exercised under the foregoing provisions of
12 this subsection: *Provided further*, That no such new contract
13 for annual contributions for additional units shall be entered
14 into except with respect to low-rent housing for a locality
15 respecting which (1) the Housing and Home Finance Ad-
16 ministrator has made the determination and certification
17 relating to a workable program as prescribed in section 101
18 (c) of the Housing Act of 1949, as amended, or (2) there
19 is being carried out a project covered by a Federal aid con-
20 tract executed, or prior approval granted, by the Housing
21 and Home Finance Administrator under title I of the
22 Housing Act of 1949, as amended, before the effective date
23 of the Housing Act of 1954: *Provided further*, That no such
24 new contract for annual contributions for additional units shall
25 be entered into unless the governing body of the locality has,

1 by resolution, approved such additional units: *And provided*
2 *further*, That no such new contract for annual contributions
3 for additional units shall be entered into unless the number
4 of such additional units does not exceed the number of fami-
5 lies of low income, eligible for admission to such units,
6 which the Housing and Home Finance Administrator esti-
7 mates will be displaced within the metropolitan or housing
8 market area of such locality as a result of Federal, State, or
9 local governmental action.' ”

10 Reletter succeeding subsections.

AMENDMENT

Intended to be proposed by Mr. CARENANT to the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

JUNE 1 (legislative day, May 2), 1955

Ordered to lie on the table and to be printed

S. 2126

IN THE SENATE OF THE UNITED STATES

JUNE 2 (legislative day, MAY 2), 1955

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MONRONEY (for himself and Mr. KERR) to the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, viz:

- 1 On page 35, line 2, strike the words "entered into after"
- 2 and insert in lieu thereof the following: "under which loan
- 3 funds have not been fully disbursed prior to".

AMENDMENT

Intended to be proposed by Mr. MONROE (for himself and Mr. KEHR) to the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

JUNE 2 (legislative day, MAY 2), 1955

Ordered to lie on the table and to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 8, 1955
For actions of June 7, 1955
84th-1st, No. 94

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HIGHLIGHTS: Senate passed housing bill. House passed bill to give CEA subpoena power, and a measure for USDA study of tobacco controls. Both are ready for President. House passed bill to prohibit USDA prediction of apple prices.

HOUSE

1. POSTAL PAY. Passed with amendments S. 2061, which would increase the basic rate of compensation for certain field employees of the Post Office Department (pp. 6614-36).
2. CEA. Passed without amendment S. 1398 (in lieu of H. R. 4514), to give subpoena powers to the Commodity Exchange Authority (p. 6640). This bill is now ready for the President.
3. LANDS. Passed without amendment S. 998 (in lieu of H. R. 1762), to transfer certain ARS lands to the city of Woodward, Okla (p. 6660). This bill is now ready for the President.
Passed without amendment S. 265, to amend the acts authorizing agricultural entries under the nonmineral land laws of certain mineral lands in order to increase the limitation with respect to desert entries made under such acts to 320 acres (p. 6645). This bill is now ready for the President.
Passed without amendment H. R. 4894, which would repeal certain obsolete laws relating to disposals of land under the timber and stone laws (p. 6645).
The Committee on Interior and Insular Affairs ordered re-referred to the Subcommittee on Public Lands S. 1529, to extend the boundaries of the Theodore Roosevelt Memorial Park, N. Dak. (p. D518).
4. TOBACCO. Passed without amendment S. J. Res. 60, to authorize a study and report by the Secretary of Agriculture on burley tobacco marketing controls (p. 6642). This measure is now ready for the resident.

5. APPLES. Passed as reported H. R. 5188, which would prohibit publication by the USDA of any prediction with respect to apple prices (p. 6642).
6. WATER COMPACTS. Passed with amendments H. R. 3587, which would authorize the negotiation of a compact between Oregon and California for the use of waters of the Klamath River (p. 6649).
7. TRADE. The Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and the House-passed versions of H. R. 1, to extend the authority of the President to enter into trade agreements (p. D519).

SENATE

8. HOUSING. Passed, 60 to 25, with amendments S. 2126, the housing bill (pp. 6570-85, 6588-91, 6597-6608). Adopted a Sparkman amendment authorizing the farm housing loans to be made on an insured basis (pp. 6603-4).

Title VI of the bill provides as follows: Extends the existing program under Title V of the Housing Act of 1949 and retains the definition of a farm now included in that Act. Authorizes an additional \$100 million for farm loans authorized to be made on adequate farms, an additional \$2 million to permit the payment of annual contributions made in connection with loans on potentially adequate farms, and an additional \$10 million for special grants and loans required to make farm housing safe and sanitary. The new provisions also include a new insuring authority under title V of the Housing Act of 1949 and set the interest rate on insured loans at not to exceed $4\frac{1}{2}\%$.

Title V of the bill authorizes HEW to undertake a research program to determine the causes and effects of air pollution, to develop devices and industrial methods for preventing and eliminating air pollution, and to provide guidance and assistance to States and local communities to prevent and control air pollution. Authorizes HEW to enter into research contracts with, or make research grants to, State and local public agencies, and educational institutions, and to enter into arrangements with industries and private organizations for cooperative studies. Authorizes Housing and Home Finance Agency to provide financial assistance to business enterprises to purchase or construct equipment to reduce the amount of air pollution in the area where the equipment is installed.

9. FARM LOANS. Concurred in House amendments to S. 654, providing for additional direct loans for the purchase of farms by veterans under the Veterans' Readjustment Act (pp. 6587-8). This bill will now be sent to the President.
10. LANDS. The Interior and Insular Affairs Committee reported without amendment S. 1878, to amend the act authorizing the conveyance of certain ARS lands to Miles City, Mont., in order to extend for 5 years the authority under such act (S. Rept. 499) (p. 6561).
11. LABOR STANDARDS. The Labor and Public Welfare Committee reported without amendment an original bill, S. 2168, to amend the Fair Labor Standards Act of 1938, in order to increase the national minimum wage (S. Rept. 498) (pp. 6561, 6608).
12. POSTAL PAY. Concurred in House amendments to S. 2061, the postal pay bill (pp. 6585-7). This bill will now be sent to the President.
13. COPPER. Discussed H. R. 5695, to continue until June 30, 1958, the suspension of certain import taxes on copper (p. 6608). This bill was made the unfinished business (p. 6611).

its own ways. Mr. Houser pointed up certain specific problems raised by currency devaluation in some foreign countries and inability to receive local bank credit on the basis of consumer loan paper.

PROPOSED CITIZEN INVESTMENT

Mr. Benjamin Javits, president of the World Development Corp., described his broad-gaged proposal to encourage investment by millions of average Americans in such a corporation for the purpose of providing a sufficient pool of capital for diverse investment in private enterprises overseas. This view had been expounded earlier in his stimulating book, *Peace by Investment*.

Mr. Javits proposal has received considerable attention in expert government and private circles in our own country and abroad.

Congresswoman FRANCES BOLTON praised the idea of encouraging average private citizens at the grassroots to participate in United States investment overseas on a sound basis, perhaps through small amounts of a few dollars weekly.

Mr. Burl Watson, president of the Cities Service Co. described some of the experiences of his company in its overseas activities.

The Honorable Jacob K. Javits, attorney general of the State of New York, spoke in his capacity as a private citizen and as a former chairman of the House of Representatives Foreign Affairs Subcommittee on Foreign Economic Policy. He emphasized the need for a program of broad enough scope to cope with the tremendous investment problem overseas—a program of this type offered by the World Development Corp. which he commended to further earnest review.

Others who spoke briefly included Mr. John White, counsel of Anderson-Clayton Co.; Mr. A. L. Partridge, vice president of Westinghouse Electric International; Mr. Samuel Pryor, vice president of Pan American World Airways; and Miss Julie Medlock, vice president of the World Development Corp.

NUMEROUS LEGISLATORS PRESENT

We were pleased to have a considerable representation of leading Members of Congress at the meeting.

These included Congressmen JOHN VORYS, of Ohio; STERLING COLE, of New York; CLARENCE BROWN, of Ohio; FRANCIS WALTER, of Pennsylvania; STUYVESANT WAINWRIGHT, of New York; BRENT SPENCE, of Kentucky; HUGH SCOTT, of Pennsylvania; as well as my colleagues, Senators STUART SYMINGTON, of Missouri; RUSSELL LONG, of Louisiana; and W. KERR SCOTT, of North Carolina.

Also present was a staff member, Mr. Julius N. Cahn, counsel of the Senate Foreign Relations Committee, who had helped me set up the meeting.

Only the fact that the Senate was at that very moment concluding its debate of the 1956 mutual security bill prevented the attendance of a considerable number of other Senators who had indicated their deep interest in the overall subject.

Likewise, a number of outstanding business leaders like Mr. Charles E. Wilson, chairman of the board of W. R. Grace & Co., and Mr. Victor Emanuel, chairman of the board of AVCO Corp., had hoped to be on hand but were unfortunately prevented by previous commitments.

SUMMARY

I personally concluded the meeting with the observation that, of course, no subject of this importance and complexity could even be begun to be studied in so brief a luncheon meeting, but that I felt that the discussion had provided food for thought.

I have not, of course, attempted in this summary to cover even a fraction of the points which were raised at the meeting, but have tried only to touch upon a few of the high spots.

Reference, for example, was made to the recent notable New Orleans Conference on Inter-American Investment cosponsored by Time-Life International and New Orleans International House. Out of that conference is coming, among other beneficial results, a \$10 million inter-American investment fund, arranged by Lehman Bros., a particularly promising development.

LATIN AMERICAN OPPORTUNITIES

I feel sure that in the months to come the present \$6 billion in United States capital and the 2,000 United States-financed enterprises, represented in Latin America alone, will be widely supplemented.

Right now, as a matter of fact, 39 percent of all United States private direct foreign investment is in Latin America. Canada follows with 31 percent, Western Europe with 14 percent, and all others areas trail with 16 percent.

There are vast frontiers for investment ahead. But we can hardly speedily approach these frontiers in the face of such difficult problems as occasional foreign confiscations of investment, oftentimes rigid restrictions on withdrawal even of modest earnings, inconvertibility of currency, and the like.

Moreover, the unwillingness of some foreign lands to put their financial houses in order—to curb rampant inflation, for example—is a serious impediment.

These and other problems must be squarely met. Fortunately, progress is being made.

All over the world United States businessmen are enterprisingly blazing new trails for new and expanded industries.

United States construction companies in particular are literally remodeling the face of entire regions and foreign-city areas.

The best is yet to be in world economic cooperation for peace, security, and prosperity.

LETTER FROM JOINT COMMITTEE ON BACKGROUND OF DISAGREEMENT ON LOWERING TAX RATE

I conclude now by reprinting the text of a letter from the Joint Committee on Internal Revenue—a background reply sent me at the start of this year in response to an inquiry I had made on behalf of lowering the tax rate on United States private earnings throughout the world. Unfortunately, the difference reflected in this letter have prevented action to date on the reduction proposal.

I hope, in conclusion, that the June 2 luncheon conference may prove a contribution, however small, in progress toward this and other worthwhile objectives.

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON INTERNAL
REVENUE TAXATION,
Washington, January 6, 1955.
HON. ALEXANDER WILEY,
United States Senate,
Washington, D. C.

DEAR SENATOR WILEY: You have requested a summary of the provisions contained in H. R. 8300 (83d Cong., 2d sess.) which provided a lower rate of tax for foreign income. You have also inquired as to the reasons why these provisions for a lower rate of tax for foreign income in the House bill were not accepted upon final enactment of H. R. 8300 as the Internal Revenue Code of 1954.

Under the 1954 code (and under prior law), there is no differential on tax on foreign and domestic income except for a lower rate of approximately 14 points on income derived by domestic corporations which qualify as Western Hemisphere trade corporations.

Provisions were contained in the House bill (H. R. 8300) which would have granted to domestic corporations a reduction in United States tax equal to 14 percent of income from sources within any foreign coun-

try provided certain tests were met which were set forth in those provisions. In general, these tests required that the foreign income be derived from the active conduct of a trade or business in the foreign country. A trade or business was specifically defined so as to exclude, however, the following: (1) The operation of an establishment engaged principally in the purchase or sale (other than at retail) of goods or merchandise, or (2) the maintenance of an office or employment of an agent (other than a retail establishment) to import or to facilitate the importation of goods or merchandise. Thus, income derived by a foreign business establishment engaged principally in selling goods (other than at retail) did not qualify for the rate reduction.

In addition to income derived from foreign subsidiaries or branches of domestic corporations engaged in the active conduct of a business in a foreign country, the rate reduction was also extended to income derived from foreign sources as compensation from technical, engineering, scientific, or like services.

The House bill also contained provisions whereby domestic corporations could elect to defer tax on income of certain foreign branches in a manner similar to the way in which tax on the income of foreign subsidiaries is deferred. In other words, foreign income derived from the qualifying foreign branches would not be subject to United States tax until brought home. In order to qualify, the foreign branches were required to be engaged in the active conduct of a trade or business with the same definitional requirements of a trade or business as contained in the foreign income credit. When brought home, the income of the foreign branches would, under the House bill, have then been entitled to the 14-point rate reduction.

In the public hearings held by the Senate Finance Committee on H. R. 8300, objections were raised to the above provisions of the House bill. These objections were principally directed to the restrictions which denied the 14 percent credit to foreign business consisting principally of wholesale merchandising. For example, in a prepared statement by George F. James, chairman of the National Foreign Trade Council Tax Committee, and Mitchell B. Carroll, special counsel of the National Foreign Trade Council Tax Committee, it was indicated that the provision of the House bill contained needless restrictions with respect to the types of business activities which could qualify for the special rate differential. Mr. James and Mr. Carroll stated:

"Many businesses with very substantial existing and prospective investments abroad will find it necessary to consider artificial divisions of their integrated business in an attempt to qualify a portion of the gross income within the restrictive language of section 923. Furthermore, there seems no reason to exclude from the intended benefit genuine and real business activities conducted abroad merely because they fall in the trading or wholesale category" (hearings before the Committee on Finance, pt. 2, p. 860).

It was suggested instead in their statement that the objectives of the House bill could be obtained by substituting for the restrictive provisions contained therein a provision that at least 90 percent of the income be derived from the active conduct of a trade or business through a permanent establishment situated within a foreign country.

A statement by the Federal Tax Forum, presented at the hearings by Paul D. Saghers, similarly criticized the above provision of the House bill as being wrong in principle. He indicated that the 14 percent credit should not be denied to income derived from the sale of goods (other than at retail), but

instead that the credit should be allowed with respect to income resulting from all sales of goods outside the United States where substantial inventories, personnel, and a permanent establishment are maintained abroad for that purpose (hearings, pt. 2, pp. 890, 891).

Andrew W. Brainerd, of a Chicago law firm specializing in private international law, likewise criticized the restrictive provisions of the House bill. He suggested that American firms with sales representatives in foreign countries, such as drug manufacturers, should be entitled to the foreign income credit on their sales abroad, whether at wholesale or retail (hearings, pt. 3, pp. 1669-1673).

Laurence A. Crosby, chairman of the tax committee, American Chamber of Commerce of Cuba, stated at the hearings that the restrictions on the foreign income credit in the House bill would deprive many corporations of any benefit. He stated, "The sales establishments in Cuba represent considerable investments, yet for some unknown reason they would continue to be subjected to the competitive disadvantage suffered from having to bear the excess of the United States rate over the credit allowed against the United States tax for Cuban taxes" (hearings, pt. 3, p. 1634).

Eric Johnston, president of the Motion Picture Export Association, stated before the Senate Finance Committee that the provisions in the House bill for the foreign income credit would apparently not apply to the motion-picture industry since it appeared doubtful that film rentals, from which the motion-picture industry chiefly derives its foreign income, would qualify under the proposed provisions. He recommended that the House bill be amended to specifically apply the foreign income credit to the film rentals (hearings, pt. 2, pp. 723-727).

A statement submitted by E. R. Barlow and Ira T. Wender of the Harvard law School faculty indicated that their studies of foreign investment problems, together with their interviews with executives of United States corporations investing abroad, indicated to them that lower United States taxes would be unlikely to provide any significant stimulus to foreign investment. They stated that the proposal in the House bill would not stimulate foreign investment but would represent a bonus to concerns already engaged in investment activity in foreign countries, as well as a revenue loss substantially in excess of that estimated (hearings, pt. 3, p. 1722).

The provisions of the House bill providing a 14-percent credit for foreign income and for deferring tax on income from foreign branches were deleted by amendments made by the Senate Finance Committee. The following reasons were given for the deletion of these provisions:

"Your committee is not at this time prepared to adopt the approach to the problem incorporated in the House bill. This is new ground being explored and it presents uncertainties and difficult problems. Your committee has explored various alternative approaches but has been unable to find a solution which appears satisfactory.

"Accordingly, your committee has omitted the proposal from the bill as reported by it with the thought that exploration of the matter in conference with the House of Representatives will make it possible to adopt a provision which would be satisfactory." (S. Rept. No. 1622, 83d Cong., 2d sess., p. 105.)

The committee of conference on H. R. 8300 accepted the Senate's deletion of the above provisions of the House bill with the following explanation:

"It is the opinion of the managers on the part of the House that in view of the numerous objections raised to the specific provisions of the House bill, the large amount of revenue involved (approximately \$145 mil-

lion), and the difficulty in working out a satisfactory provision in conference, the foreign income provisions should be omitted from the bill and postponed for a more thorough study." (Conference Rept. No. 2543, 83d Cong., 2d sess., p. 68.)

The provisions of the House bill which dealt with the above problems, together with the Ways and Means Committee report in explanation of these provisions, is attached to this correspondence as a supplementary memorandum.

Sincerely yours,

COLIN F. STAM,
Chief of Staff.

PROBLEM FOR THE BAR

Mr. WILLIAMS. Mr. President, in the Washington Daily News of June 6, 1955, there appeared an editorial entitled "Problem for the Bar." In this editorial they point out that "in the legal profession, ethics is the specific and lawful responsibility of the bar associations." They call upon the American Bar Association to exercise a greater degree of responsibility in maintaining a higher standard among their membership. I think this is a most timely reminder to the American Bar Association, and I ask unanimous consent that the editorial be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PROBLEM FOR THE BAR

A great many public officials also are lawyers. Most of them, from city councilmen to United States Senators, practice law on the side, despite their official jobs.

When they choose their cases carefully, it probably doesn't matter much.

But when they accept cases and clients which obviously come to them only because of their official connections, they're asking for trouble.

At the best, these situations have the earmarks of influence peddling. At the worst, they have almost the stench of bribery.

Off and on, there have been efforts to curb the worst of these abuses.

A bill is going before Congress to prevent the United States Commissioner for the District from practicing any law on the side.

This follows disclosure that the Commission, as a private attorney, billed 11 Spanish musicians \$9,900 for routine legal services he performed in an effort to keep them in the country.

Representative KENNETH B. KEATING, Republican, of New York, who is introducing the bill, said:

"This representation of private clients before a Federal Government agency by an official of the Federal courts raises serious questions of propriety."

That's a cautious understatement.

But the Commissioner's case is one of many. Others which differ in degree, but not in principle, include:

The State legislators who turn up as well-paid attorneys for powerful interests like railroads and utilities.

Or the city councilmen who defend gamblers and other crooks, and whose presence in court too often is interpreted by police as backdoor city hall endorsement of certain types of crime.

No law, or series of laws, could cover all these situations, nor correct all the evils they generate. Actually, it's more a question of ethics than of law.

In the legal profession, ethics is the specific and lawful responsibility of the bar associations.

The whole machinery of American justice is in the hands of lawyers. Bar groups ought to make sure—doubly sure—that these always are clean hands.

Mr. JOHNSON of Texas. Mr. President, if there is no further morning business—

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed the bill (S. 2061) to increase the rates of basic compensation of officers and employees in the field service of the Post Office Department, with amendments, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

S. 153. An act to amend the Rural Electrification Act of 1936;

H. R. 3825. An act to make retrocession to the Commonwealth of Massachusetts of jurisdiction over certain land in the vicinity of Fort Devens, Mass.;

H. R. 4294. An act to amend section 640 of title 14, United States Code, concerning the interchange of supplies between the Armed Forces; and

H. R. 4725. An act to repeal sections 452 and 462 of the Internal Revenue Code of 1954.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 7, 1955, he presented to the President of the United States the enrolled bill (S. 153) to amend the Rural Electrification Act of 1936.

HOUSING ACT OF 1955

The Senate resumed the consideration of the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, in view of the fact that time is running, and the fact that Senators are about to make general statements on the housing bill, I ask unanimous consent that I may suggest the absence of a quorum without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Alken	Frear	McClellan
Allott	Fulbright	McNamara
Anderson	George	Millikin
Barkley	Goldwater	Monroney
Barrett	Gore	Morse
Beall	Hayden	Mundt
Bender	Hennings	Neely
Bennett	Hickenlooper	Neuberger
Bible	Hill	O'Mahoney
Bricker	Holland	Payne
Bridges	Hruska	Purtell
Bush	Ives	Robertson
Butler	Jackson	Russell
Byrd	Jenner	Saltonstall
Capehart	Johnson, Tex.	Schoeppel
Carlson	Johnston, S. C.	Scott
Case, N. J.	Kefauver	Smathers
Case, S. Dak.	Kennedy	Smith, Maine
Chavez	Kerr	Smith, N. J.
Cotton	Kilgore	Sparkman
Curtis	Knowland	Stennis
Daniel	Kuchel	Symington
Douglas	Langer	Thurmond
Duff	Lehman	Thye
Dworshak	Magnuson	Watkins
Eastland	Malone	Welker
Ellender	Mansfield	Wiley
Ervin	Martin, Pa.	Williams
Flanders	McCarthy	

Mr. JOHNSON. I announce that the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Louisiana [Mr. LONG], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate until June 21, 1955, on behalf of the Senate Appropriations Committee to conduct an on-the-spot study of specific matters relating to our foreign-aid program.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

Mr. SALTONSTALL. I announce that the Senator from Illinois [Mr. DIRKSEN] is absent on official business for the Committee on Appropriations.

The Senator from Iowa [Mr. MARTIN] is necessarily absent.

The Senator from Michigan [Mr. POTTER] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

The Senator from North Dakota [Mr. YOUNG] is absent on official business.

The ACTING PRESIDENT pro tempore. A quorum is present.

Mr. JOHNSON of Texas. Mr. President, I yield 20 minutes to the distinguished Senator from Alabama.

Mr. SPARKMAN. Mr. President, before beginning the debate on Senate bill 2126, I desire to make a brief statement to the Senate. As chairman of the Subcommittee on Housing, I wish to thank the members of the subcommittee and the full committee for their untiring work and cooperation in making it possible to report the committee bill to the Senate.

Before commenting on the major provisions of the several titles of this bill, I should like to touch briefly on the very careful consideration which this measure received in the Committee on Banking and Currency. The committee had before it the administration's housing

bill and eight other related bills. Prior to the public hearings on these bills, the committee spent 2 days in discussing present housing programs at informal roundtable conferences with a number of interested witnesses. This was followed by 9 days of public hearings on the several bills before the committee. In its executive sessions, the committee combined the best features of these bills and also adopted various amendments recommended during the hearings by witnesses and by members of the committee.

I will now attempt to describe the major provisions of the basic programs contained in this bill. The amendments contained in title I of the bill would provide the necessary law for continuation of several major programs of the Housing and Home Finance Agency and its constituent agencies. It would also make a number of changes in existing law designed to enable the Agency more effectively to carry out the objectives of existing law. I shall take up these provisions as they affect each of the programs administered by the several agencies.

FEDERAL HOUSING ADMINISTRATION

I should like first to discuss the provisions in title I which apply to the program administered by the Federal Housing Administration. These amendments generally follow the administration's recommendations. However, the committee has added several amendments which it considered necessary after hearing testimony of witnesses appearing before it during the public hearings.

The bill would extend the title I home repair and modernization program for 5 years and would increase the maximum amount of home-improvement loans from \$2,500 to \$3,000.

The bill would also increase the general mortgage insurance authorization of the FHA. This amendment would provide for an aggregate of outstanding insurance liability and commitments as of June 30, 1955, plus \$4 billion. The amount of unused authorization under existing legislation remaining on June 30, 1955, which it is estimated will be \$600 million, would be merged with the new authorization. Thus, the actual increase in the authorization will probably not exceed \$3,400,000,000.

The committee has included in this title an amendment to section 207—multifamily section—whereby FHA mortgage insurance on mobile home courts or parks would be provided. These mortgages would be limited to \$300,000 per mortgage and \$1,000 for each trailer space. This insurance would relate only to the land, utilities, and other improvements where mobile homes are to be located, not to mobile homes. The requirement of section 207 of the National Housing Act that the project covered by the mortgage be economically sound would apply to an insured mortgage on a mobile park. It is expected that FHA will impose such additional requirements and standards as necessary to assure that such mortgage insurance will improve the living conditions of the occupants of the parks involved.

The committee has likewise included provisions to reactivate the cooperative housing program under section 213 of the National Housing Act, as amended. While this program has proven successful in providing housing for the middle-income group, it has been restricted drastically by provisions contained in the Housing Act of 1954. One of these provisions had the effect of reducing the maximum amount of the mortgage for insurance. This provision changed the basis for determining the maximum amount of the mortgage from estimated replacement cost to estimated value. The bill provides that estimated replacement cost shall be the basis for making this determination in the future. It also authorizes the Federal National Mortgage Association to make advance commitments to purchase mortgages insured under section 213 in a total amount not to exceed \$50 million. This authorization will do much toward revitalizing this program.

Another amendment would permit cooperative housing groups to use cooperative housing mortgage insurance to acquire Government-owned housing which is being disposed of under other provisions of law. Cooperatives can now use mortgage insurance for this purpose under other provisions of the National Housing Act, but section 213 would afford certain advantages under FHA regulations and procedures.

It is the intention of the Banking and Currency Committee that the FHA shall take affirmative action to make this program operative and effective and to make every effort through its regulations to encourage the formation of genuine consumer-sponsored cooperatives to be assisted under this section. We believe the purposes of this section can best be realized in cases where the cooperatives, from their inception, consist of members who actually intend to occupy the units to be constructed and who join the cooperative for that purpose.

The committee has proposed another amendment which affects Mortgage Insurance for housing in urban renewal areas. As Senators know, section 220 of the National Housing Act provides for a special mortgage insurance program to assist the construction and rehabilitation of housing in urban renewal areas. Although there has been general interest in the program, actual operations have so far been delayed. One of the principal obstacles causing the delay, we are informed, is the use of "estimated value" instead of "estimated replacement cost" as a basis for determining the maximum mortgage amount. The committee's amendment would permit the mortgage amount to be computed on the basis of "estimated replacement cost."

The committee has accepted the administration's recommendations designed to clarify the present mortgage limitation in the National Housing Act with respect to multifamily projects. The National Housing Act, as amended, now makes a \$5 million mortgage limitation generally applicable to all such projects with private sponsorship. Because different persons or groups have interpreted this limitation differently, the committee believes it to be important that the

limitation in the law be definite and firm but realistic in terms of present costs and the type of project to be undertaken. Accordingly, the bill provides that such limitation shall be increased to \$12,500,000. It should be pointed out, however, that the limitation would be applied both to each individual mortgage and to the total amount of commitments outstanding at any one time under each section of the act with respect to projects in the same housing market area which involve a mortgagor or mortgagors under substantially the same control. The limitation, however, would not apply to two or more mortgages, even though the sponsors were the same, if the mortgages were not simultaneously in the commitment stage, that is, prior to the completion of the project and final endorsement of the mortgage for insurance. In the case of mortgage insurance under section 220 of the National Housing Act for multifamily projects in urban renewal areas, the mortgage limitation would be increased to \$50 million.

The bill would also extend title IX of the National Housing Act for 1 year on a standby basis. It would also authorize the Commissioner to make final settlement on certificates of claim at any time after the sale or transfer of title by the FHA on sales housing acquired by it in cases of defaulted mortgages insured by it under the various sections of the National Housing Act.

The bill would remove "cost certification" requirements for single family homes insured under section 221 of the National Housing Act. This will make section 221 consistent with other sections of the act, none of which require cost certification on single-family sales housing.

The committee was advised that the FHA permits projects to obtain the benefits of the cooperative and regular rental housing programs only if each project has 12 or more units. The bill specifically authorizes any project to be eligible if it has eight or more units. Such insurance would meet a real need in many cases without adding unduly to the FHA insurance risk involved.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

The bill would make several changes in the charter of the Federal National Mortgage Association. The provisions of the bill would reduce the amount of FNMA stock, which sellers of mortgages are required to buy, from 3 percent of the unpaid principal of the mortgage to 2 percent of such unpaid principal. The 3 percent requirement was contained in a provision enacted last year in the Housing Act of 1954, and we are informed the experience the Association has had so far has resulted in only a very small amount of private capital being accumulated from such contributions. We believe the required contribution should be reduced from 3 percent to 2 percent as a means of making the Association's secondary market operation a more workable program.

Another amendment to the charter of FNMA would require that mortgages purchased by it in its regular secondary market operations be purchased at

prices which are on a uniform national basis.

As explained earlier, the Association would also be authorized to enter into certain advance-commitment contracts to purchase section 213 cooperative housing mortgages.

SLUM CLEARANCE AND URBAN RENEWAL

The bill would increase the capital-grant authorization under the slum-clearance and urban-renewal program to \$525 million. The President would also be authorized to supplement this program by \$100 million at any time within his discretion. This additional authorization is for use over a period of 2 years, \$212.5 million being made available on July 1, 1955, and another \$212.5 million to be made available on July 1, 1956. In providing for a 2-year authorization, the committee was impressed with testimony received with regard to the need requiring the use of these funds over a period of more than 2 years. The need arises because of the type of program which is involved. The committee recognized that many months of preliminary work are required by local communities to develop an urban-renewal project. In order to undertake such time-consuming activities, local communities need the assurance that capital-grant funds are authorized and will be available when needed.

Under existing law, not more than 10 percent of the total title I capital grants authorized may be expended in any one State, except that an additional \$35 million may be allocated for use in States where more than two-thirds of the amounts they could otherwise receive have been legally obligated. The provisions of the bill would increase this cushion from \$35 million to \$70 million. Information has come to us that this increase is necessary since the present limitation has been reached by several States.

The bill would also amend the Housing Act of 1949 so as to permit an urban renewal project in an area which is not predominantly residential in character to be developed for nonresidential purposes. Not more than 5 percent of the urban renewal funds allocated to the local public agency could be used for this purpose. The committee's attention was directed to the fact that there are many blighted open, or predominantly open, areas in cities which should be developed for industrial uses to conform to sound planning principles of the locality. We are, therefore, recommending that funds for this type of project be authorized without diverting funds from the types of projects now authorized under this program. The committee, therefore, has made a proportionate increase in its recommendations for an additional capital grant authorization of \$25 million. As stated earlier, the total capital grant authorization provided in the bill is \$525 million. This is \$25 million above the amount which is determined to be necessary for the types of urban renewal projects now authorized.

PUBLIC HOUSING

The next sections of the bill relate to amendments to the Housing Act of 1949.

It will be recalled that following extensive and thorough studies and hearings by this committee and by other committees of the Congress, the Housing Act of 1949 was enacted. This act authorized a program of financial assistance for 810,000 low-rent public housing units to be built, owned and operated by local public bodies. A limit of 135,000 dwelling units a year was provided for in this act with an escalator clause. Since its enactment, however, further crippling limitations have been imposed on the program which, in effect, continue it on a year-to-year basis and for a reduced number of units each year. The current authorization of contracts for 35,000 units expires on June 30 of this year.

The committee, during its hearings, heard testimony which indicates clearly that the annual rate of 35,000 is completely unrealistic in terms of the need. I can recall testimony to the effect that in one city alone the total need for such units amounted to more than 70,000 units. Furthermore, those provisions of existing law which restrict additional public housing units to the number of families displaced by slum clearance and urban renewal or other governmental actions unnecessarily restrict this program and should be repealed. Repeal of these restrictions is necessary if we are to meet the needs of other low-income families, including first, those who leave the slums of their own initiative without being forced out as a result of governmental action; or second, those who are displaced by private enterprise which is clearing slum sites on its own initiative; and third, those who are displaced as a result of fire or other catastrophe.

The committee has included in the bill provisions which would authorize the low rent program to go forward at the rate originally contemplated in the Housing Act of 1949. The limitations contained in the Housing Act of 1954 would be repealed. The Public Housing Administration would be authorized to enter into new contracts for annual contributions up to 135,000 additional dwelling units during any fiscal year until the original 810,000-unit authorization was exhausted. We have also provided that the unused amount of authorization now in effect for 1955 shall be preserved and added to this new authorization.

The bill would also provide for increasing from 10 percent to 15 percent the total amount of annual contributions or grants which can be expended for low-rent public housing in any one State. We have found that in the case of some States a 10-percent limitation is too restrictive.

HOUSING FOR ELDERLY FAMILIES AND SINGLE PERSONS OF LOW INCOME

The committee's attention was called to the increasing need for housing by elderly persons of low income. We believe that this need and the special problems of low-income elderly persons deserve recognition in the Federal assistance programs immediately. We also believe the facilities of the low-rent housing program afford a very convenient and desirable vehicle for helping

to meet a part of the housing needs of these families.

The bill provides that single persons 65 years of age or over shall be eligible for admission to low-rent housing projects. The bill also gives these persons a preference, second only to that of families displaced by governmental action, but limiting such preference to 10 percent of the estimated number of families to be admitted to the low-rent housing of the particular local public housing agency involved. The bill would also authorize the Commissioner to waive the requirement that such families must either come from unsafe, unsanitary, or overcrowded dwellings or have been displaced by urban renewal or other governmental action. Not to exceed 10,000 dwelling units in each of the next 5 fiscal years are authorized to be built.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield briefly.

Mr. SALTONSTALL. Are the 10,000 units included in the 35,000?

Mr. SPARKMAN. No; they are additional; they are not included in the 35,000.

The bill would also enable the reconstruction or remodeling of existing public-housing projects by local public-housing authority so that they may be designed in whole or in part for occupancy by elderly persons.

AMENDMENTS TO LANHAM ACT

The committee has also included in the bill two amendments to section 607 of the Lanham Act, which contains the general authority for the disposition of permanent war housing, including all property, real or personal, acquired for and held in connection therewith.

The first amendment would give former owners of property being disposed of under that section first preference in repurchasing such property from the Government, under such conditions as may be determined in the public interest.

The second amendment would apply only to "Project Indiana—12021 (Southmore Heights)" and would waive any downpayment requirement involved in the sale of this project to a tenants' cooperative.

HOME-LOAN BANK BOARD

The next several sections of the bill would make changes in the law being administered by the Home Loan Bank Board. Most of these amendments were proposed by the administration and are relatively minor in nature. They would remove problems which have produced unnecessary burdens on savings and loan institutions which are supervised by the Home Loan Bank Board. These amendments are:

First. Reduction of the capital stock of the Federal home-loan banks;

Second. Authority of the board to terminate membership in the bank system;

Third. Increase the number of elective directors of the Federal home-loan banks in districts that are large and which contain five or more States;

Fourth. A clarification with regard to title I insurance; and

Fifth. A clarification and definition with regard to the admission into the

FSLIC and the fee that would be charged.

However, the committee has included in the bill several additional amendments which were suggested during our hearings.

The first amendment would make the Home Loan Bank Board an independent agency. The committee believes that since the Board is essentially a regulatory agency and exercises administrative, legislative, and judicial powers somewhat analogous to those performed by the Federal Reserve Board, it should not be subject to the authority of the Administrator of HHFA to transfer funds and functions to other agencies within his jurisdiction. Most, if not all, comparable regulatory agencies have independent status, reporting directly to the Congress and to the President. Furthermore, the Federal Home Loan Board system is a mutual institution owned entirely by its members. The majority of the committee believes the Home Loan Bank Board should be re-invested with the independence it had from its creation in 1932 to 1939, when it was made a part of the then Federal Loan Agency.

RETIREMENT OF FSLIC STOCK HELD BY GOVERNMENT

The other amendment which the committee has included in the bill relates to the retirement of FSLIC stock held by the Government. The amendment provides that within 60 days after enactment of the bill the Corporation shall retire all of its capital stock—amounting to about \$66 million—by paying the par value of the stock to the Treasury, in addition to dividends accruing since the end of fiscal year 1954.

In order to obtain funds for the retirement of the stock, the Corporation would, promptly after the enactment of the bill, issue its debentures to the Federal home-loan banks in a face amount equal to the par value of the Treasury stock to be retired. The Federal home-loan banks would each purchase debentures in proportion to the amounts of their own outstanding stock. The debentures would bear interest at a rate determined by the FSLIC, after consultation with the Secretary of the Treasury. These debentures would be retired by increasing the annual premium rate charged by the FSLIC from one-twelfth to one-eighth of 1 percent. After payment of the debentures the premium rate would automatically revert to one-twelfth of 1 percent.

The Committee considered several alternative proposals for retiring the stock held by the Government in the FSLIC. The one adopted appeared to be most suitable for accomplishing the purpose without weakening the reserve position of either the FSLIC or the insured institutions.

COMMUNITY FACILITIES ADMINISTRATION

The bill would modify and extend the third public works advance planning program authorized by the Housing Act of 1954 by authorizing \$38 million in appropriations over the next 3 years. The funds so authorized would constitute a revolving fund.

TITLE II. PUBLIC FACILITY LOANS

The primary purpose of this title is to assist, wherever possible, States and their political subdivisions, with preference to small municipalities, in providing sewage, water, and other necessary public facilities essential to the health and welfare of their people. The program would be administered under the supervision of the Community Facilities Commissioner of the Housing and Home Finance Agency. Restrictions are placed upon municipalities desiring assistance under this program to those that are unable to secure such financing on reasonable terms, and loans must be of such sound value as to give reasonable assurance of retirement or payment. The loan maturities are limited to 40 years and a priority is given to applications from small municipalities with populations of less than 10,000.

HHFA would be authorized to issue to the Secretary of the Treasury notes and other obligations not exceeding \$100 million at any one time.

TITLE III. COLLEGE HOUSING

Title III of this bill is intended to renew and invigorate the program inaugurated by the Housing Act of 1950, which inaugurated a program of long-term loans at low interest rates to provide funds for the construction of dormitories and residences.

The amendments under this title would expand the purpose of these loans to include such other revenue-producing educational facilities as cafeterias, dining halls, student centers, infirmaries, and other service facilities, but not including such items as gymnasiums or stadiums. This title also extends the program specifically to junior colleges and to educational or philanthropic institutions established for the sole purpose of providing housing or other educational facilities for students and faculty. The authorization for this program would be increased from \$300 million to \$500 million, and the amendment would fix the rate of interest which the Housing and Home Finance Agency pays to the Treasury at 2½ percent, or the average rate on all interest-bearing obligations of the United States, whichever is the higher. The provisions of the title would also require HHFA to charge colleges a rate of interest of 2¾ percent, or one-fourth of 1 percent more than that paid by HHFA to Treasury, whichever is the higher.

TITLE IV. ARMED SERVICES HOUSING MORTGAGE INSURANCE

Title IV of the bill would provide for a new and much-needed military housing program.

All witnesses appearing before the committee on the subject of military housing were unanimous in stating and in proving an extreme and immediate need for additional military housing. They made it quite clear that, to attract and hold the highly trained, experienced, and technical personnel now required by them, it is essential that military personnel be afforded an opportunity to live comfortable and normal lives, insofar as military duty permits, on a rea-

sonable parity in terms of housing with the average American citizen.

Our national survival may depend upon our ability to attract and retain the highest caliber American men in the military service. Since it became quite clear to the committee from the testimony that the adequacy or the inadequacy of housing has a great influence upon the reenlistments of personnel, the committee believes it important to bring this proposal to the attention of the Senate.

The committee, after considering several proposals, concluded that the most practical approach for meeting the housing needs of the armed services would be to utilize the existing title VIII program, amending it so as to make it more workable.

This title of the bill would authorize the Secretary of Defense to enter into contracts with builders for the construction of housing for armed services personnel on lands owned or leased by the United States and situated on or near military installations. Contracts would be awarded to builders who submit the lowest acceptable bids on the basis of FHA-approved plans and specifications. The builder would finance the construction of the housing through mortgage borrowings insured by the FHA. After construction of the housing the Secretary of Defense would assume responsibility for the obligation of the mortgage, and for management and operation of the housing and would assign personnel to such housing in the same manner as other public quarters. The aggregate amount of contingent liability outstanding at any one time would be limited to \$1,350,000,000. The duration of the program is for 3 years and the Federal National Mortgage Association would be authorized to provide a secondary market for the mortgages.

TITLE V. SMOKE ELIMINATION AND AIR POLLUTION

Title V of the bill would add to the National Housing Act a new title X, to develop means to eliminate pollution of the air by smoke, fumes and gases.

The Secretary of Health, Education, and Welfare would be authorized to undertake a research program to determine the causes and effects of air pollution, to develop devices and industrial methods for preventing and eliminating air pollution, and to provide guidance and assistance to States and local communities to prevent and control air pollution. The Secretary is authorized to enter into research contracts with, or make research grants to, State and local public agencies, and educational institutions, and to enter into arrangements with industries and private organizations for cooperative studies. Research results are to be made fully available to the public.

The Administrator of the Housing and Home Finance Agency would be authorized to provide financial assistance to business enterprises to purchase or construct equipment to reduce the amount of air pollution in the area.

The financial assistance under the program would not be available unless assistance is not otherwise available on reasonable terms and unless there is in existence an effective community pro-

gram for controlling air pollution. This bill contains no limit as to funds which can be expended. Control over the program will be exercised through annual appropriations.

TITLE VI. FARM HOUSING

The committee had under consideration several proposals to extend and amend the farm housing program established under title V of the Housing Act of 1949. The committee unanimously recommended extension of the existing program which has done so much to enable thousands of farm families to obtain decent housing.

The bill as reported would provide an additional \$100 million for farm loans authorized to be made on adequate farms, an additional \$2 million to permit the payment of annual contributions made in connection with loans on potentially adequate farms, and an additional \$10 million for special grants and loans required to make farm housing safe and sanitary.

The new provisions also include a new insuring authority. This provision was suggested by the Farmers' Home Administration. The interest rate on insured loans would not exceed 4½ percent, so as to be consistent with the VA program for home loans under which both insured and direct loans may be made and under which the interest rates are also 4½ percent.

Under the farm loan program of title V of the National Housing Act of 1949, some 19,000 loans have been made for a total of \$97 million. These loans are only a fraction of the demand. Many more applications were made but could not be approved because of the insufficiency of appropriations.

Unfortunately the farm housing program has not been operative since June 30, 1954, because of lack of appropriated funds. The need for the program, however, is still great, particularly in view of the continued deterioration in the farm situation as compared with that of other segments of the economy. This is especially true of the small or family-size farmer. I am confident that the record will show that by far the greater percentage of farmers who have received assistance under the farm-housing program are small or family-size farmers.

A further need for the reactivation of this program is evidenced by the increase in the number of loans made under the Bankhead-Jones Act during the same period. Unfortunately, the Bankhead-Jones Act does not provide the full coverage of title V, and thus, in order to have a well-rounded farm housing program, it is essential that the program recommended by the committee be continued and made operative.

From the standpoint of economic soundness, the record of title V farm loan program is exceedingly good. As of December 31, 1954, the regular payments as a percentage of scheduled installments on these loans were 105.6 percent. There have been very, very few foreclosures under the program. All in all, the program has enjoyed one of the best repayment records of any program ever established, either in or outside the Government.

Mr. President, this concludes my explanation of the bill. I am certain that as the debate progresses on the various titles of the bill, Members will raise questions on the various sections of it. I shall be glad to discuss any questions at any time during the debate.

I believe the committee has done a very good job on the bill, and I sincerely hope the Senate will approve it.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. SALTONSTALL. While I am not a member of the Committee on Banking and Currency, the late Senator Maybank and I, as members of the Committee on Appropriations, worked on the housing problem for a number of years. I know there is a difference of opinion about the number of public houses which should be built, but that subject will be debated later, so I will not ask the Senator any questions on it now. However, I wish to ask the Senator 2 or 3 questions on other phases of the bill.

As I understand, the bill separates the Home Loan Bank Board, including the Federal Savings and Loan Insurance Corporation, from the Housing and Home Finance Agency, and sets it up as a separate, independent agency. I believe this is exactly contrary to what was done in the act of last year. I should appreciate having the Senator tell me why it was felt that that was necessary, and why is it not a good thing to have all the loan agencies under one head, so that he can report directly to the President on the overall situation, rather than to have the responsibility divided and separated in the hands of 2 or 3 agencies.

Mr. SPARKMAN. As a matter of fact, the Home Loan Bank Board was made an independent agency in the Reorganization Act of 1947. However, the connection between it and the Housing and Home Finance Agency is a rather tenuous one. It is nothing like a constituent agency of the Housing and Home Finance Agency at all.

I understand that probably an amendment will be offered in connection with this matter later, and at that time I shall be able to debate the question rather fully.

The situation is that the home-loan banks originally were made possible by the underwriting of their stock by the Federal Government, the idea being that they would gradually retire their stock. All of the stock has now been retired except about \$66 million, and the home-loan banks are ready, able, and willing to retire that amount now, and provision for this is made in the bill.

If the stock is retired, why should not the Federal home loan banks have the same status as the Federal Deposit Insurance Corporation and the Federal Reserve System, which operate in the same manner? That is what is being provided for by the bill.

The ACTING PRESIDENT pro tempore. The time of the Senator from Alabama has expired.

Mr. SALTONSTALL. Will the minority leader yield time to me, so that I may complete my questions?

Mr. KNOWLAND. I yield 5 minutes to the Senator from Massachusetts.

Mr. SALTONSTALL. Is the principle behind the proposal with respect to the separation of the Home Loan Bank Board that the Board is shortly to be completely independent of the Federal Government, and therefore should be put in the same position as the Federal Deposit Insurance Corporation and other agencies of that type?

Mr. SPARKMAN. Yes; that is true. I wish to stress also the point that the connection between the Home Loan Bank Board and the Housing and Home Finance Agency is not similar to the connection between the Federal Housing Administration and the Housing and Home Finance Agency at all. It is a very slender thread which ties them together now. Certainly the Home Loan Bank Board ought to have its independent status, just as the FDIC, the Federal Reserve Board, and other agencies were made independent when they paid off their stock.

This is essentially a regulatory agency. If the Senator will refer to page 12 of the report, I believe he will find a pretty fair statement of the situation. The statement begins at the bottom of page 11, and I believe is an understandable explanation of why independence of the Board is urged.

Mr. SALTONSTALL. The bill creates a new public-facility loan program, does it not?

Mr. SPARKMAN. It really extends the one which is now in the law, but which has been ineffective. The Senator may recall that there was such a program under the RFC. When the RFC was discontinued, Congress designated certain functions which ought to be continued, and this was one of them. However, Congress did not designate an agency to handle those functions, but left the matter to the President. The President never designated an agency.

Last year, in the Housing Act, Congress designated the Housing and Home Finance Agency to handle these affairs, but unfortunately no funds were made available and nothing was done about it.

All that is done in the bill is to reactivate the program and make provision whereby it will actually function.

Mr. SALTONSTALL. I have been informed that under the new program the Committee on Appropriations will be bypassed, because borrowings will be made from the Treasury to the extent that \$100 million may be outstanding at any time. If it is intended to bypass the Committee on Appropriations, is not that the same plan which was opposed so effectively by the senior Senator from Virginia [Mr. BYRD] with respect to the highway program?

Mr. SPARKMAN. No; because in this case the money will come from the Treasury and will, therefore, affect the national debt. It will be the same as if the funds were appropriated by Congress, except that what will be authorized will be the borrowing of money directly from the Treasury, as is done in several other instances or operations.

Mr. SALTONSTALL. Then will any money borrowed under the program be chargeable directly to the national debt?

Mr. SPARKMAN. It will be chargeable against the national debt. That is the principal difference between this proposal and the one which was objected to in connection with the highway bill.

Mr. SALTONSTALL. How will the Committee on Appropriations come into the picture? Will it be in connection with financing the national debt, or in some other way? In other words, how will Congress be able to control the amount of money which will be borrowed? As I see it, Congress will have no control.

Mr. SPARKMAN. Congress can amend the act at any time. However, I think the Senator will agree with me that \$100 million stretched over a period of time is not a great amount of money to have in a revolving fund of this type. This program is intended for the benefit of the smaller cities and towns of the United States, which are not able to go into the securities market, because it is simply not feasible for them to borrow money in that way.

Mr. SALTONSTALL. I am in favor of military housing. I believe it is necessary for the Government to provide more military housing if we are to make it possible for the men in the armed services to live with their families and to serve well.

It has been called to my attention that in the military housing part of the program the Secretary of Defense will have the final decision over the Federal Housing Administration; but that when the Secretary makes the decision, the administration of the program will revert to the Federal Housing Administrator.

Mr. SPARKMAN. As to matters of insurance, that is correct.

Mr. SALTONSTALL. The Secretary of Defense then loses control.

The ACTING PRESIDENT pro tempore. The time of the Senator from Massachusetts has expired.

Mr. SALTONSTALL. As the acting minority leader, I yield myself 3 additional minutes.

The Secretary of Defense will make the final decision but, as I understand, the entire question of administration will be left to the Housing Administrator. Is that correct?

Mr. SPARKMAN. Yes; because it must be realized that the building will be under the insurance plan.

The committee felt that the experience and background which the FHA had should be utilized. Furthermore, banks, insurance companies, and investment companies will buy mortgages if the FHA handles the insurance, whereas such a procedure probably could not be counted on under any other plan.

Mr. SALTONSTALL. I personally would be in favor of having the Secretary of Defense handle the program.

Mr. SPARKMAN. I believe the committee has worked out the best plan possible, although we hope that before the program is finally adopted it may be further perfected.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

Is the Senator from Oklahoma ready to call up his amendment?

Mr. MONRONEY. Mr. President, I would rather call up my amendment when the Senator from Indiana [Mr. CAPEHART] is present in the chamber.

Mr. JOHNSON of Texas. Mr. President, is the Senator from Vermont ready to offer his amendment?

Mr. FLANDERS. Mr. President, I am ready. I send my amendment to the desk and ask to have it stated.

The ACTING PRESIDENT pro tempore. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 13, line 9, before the period, it is proposed to insert a comma, and the following:

Provided further, That (subject to the authorization of not to exceed 810,000 dwelling units) the number of additional dwelling units which may be commenced under this subsection during any fiscal year may be increased at any time or times by additional amounts aggregating not more than 65,000 dwelling units, or may be decreased at any time or times by amounts aggregating not more than 85,000 dwelling units, upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase or decrease upon conditions in the building industry and upon the national economy, that such action is in the public interest.

The ACTING PRESIDENT pro tempore. The Senator from Vermont is recognized.

Mr. FLANDERS. Mr. President, the purpose of the amendment is to introduce flexibility into the public housing construction program, so that it may act as a stabilizer of the economy by providing more Government expenditures, for instance, when the building trades are in the doldrums, and by reducing the expenditures when the building trades are fully occupied.

There might well be times when it would be inexpedient to require new housing, especially if the building industry were already operating at capacity. That might do nothing more than inflate the costs of building by increasing the demand for nonexistent labor and by raising the price of materials. On the other hand, there might be times when, by increasing the volume of public housing, a distressed building industry could be greatly strengthened.

The amendment is not new to the law. It is not new to the original Taft-Ellender-Wagner housing law. It is still to be found in the law, in section 10 (e), but the way in which the provision on page 13 of the bill now before the Senate reads casts doubt on the question as to whether this flexible provision is made applicable.

Beginning at the top of page 13, I read:

Notwithstanding any other provisions of law—

That would seem to refer to the preceding section 10 (e)—

(i) Notwithstanding any other provisions of law, the Authority shall not enter into any

new contracts for loans or annual contributions for more than 135,000 additional dwelling units during any fiscal year: *Provided*, That in respect to the fiscal year 1956 such number shall be increased by the difference between 35,000 and the number of units for which new annual contribution contracts for additional units were entered into during the fiscal year 1955.

Mr. President, my amendment adds the further proviso "That (subject to the authorization of not to exceed 810,000 dwelling units) the number of additional dwelling units * * * may be increased * * * by additional amounts aggregating not more than 65,000 dwelling units, or may be decreased at any time or times by amounts aggregating not more than 85,000 dwelling units, upon a determination by the President," under the advice of the Council of Economic Advisers.

I believe that this is an exceedingly important feature of the original bill. I believe it should be retained clearly, unequivocally, and without doubt in the new bill, and I offer my amendment for that purpose.

Mr. CAPEHART. Mr. President—

Mr. JOHNSON of Texas. Mr. President, does the Senator from Indiana desire to speak in opposition to the amendment?

Mr. CAPEHART. Yes. I shall take only a few minutes.

Mr. JOHNSON of Texas. I yield such time to the Senator from Indiana as he may desire.

Mr. CAPEHART. Mr. President, I feel that at least I myself will have to oppose the amendment, because I shall offer an amendment a little later to reduce the amount to 70,000 units in 2 years, or 35,000 units each year, which is the program of the President of the United States. That was his recommendation, the recommendation of his Council, and of our committee, which studied the matter.

Even with 70,000 units to be built during the next 2 years, at the rate of 35,000 units a year, we are still providing for construction of 50,000 units for elderly people, at the rate of 10,000 a year, which means a total of 120,000 public housing units to be authorized by the bill, 90,000 of them to be built in the next 2 years, and 30,000 of them in 2 or 3 years following that.

I do not see anything to be gained by accepting the amendment. The matter was pretty well thought out in the committee, about half of the committee favoring 35,000 units and the other half wanting the number provided by the 1949 law.

I shall not place certain information in the *RECORD* at this time, but will do so later. However, I may say since public housing became a part of our governmental procedure in the United States in 1937, there have been built only about an average of 20,000 public-housing units a year. Even counting the units built since 1949, when the big public-housing act was enacted, there have been built a total of 200,000 units in 5 years, or less than 40,000 units a year.

When we talk about 35,000 units, plus 10,000 units for elderly people, that makes 45,000 units. This bill also authorizes 100,000 public-housing units for

the Military Establishment. In other words, it authorizes the military to build in the next 12 months 100,000 units to be used by married personnel in the Military Establishment. When that number of units is added to 45,000, the total figure is 145,000 units.

Mr. DOUGLAS. Mr. President—

The PRESIDING OFFICER (Mr. BIBLE in the chair). Does the Senator from Indiana yield to the Senator from Illinois?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. Can the military housing program be described as public housing? Is that program under FHA?

Mr. CAPEHART. It is public in the sense that the houses will be rented to military personnel and owned by the Government.

Mr. DOUGLAS. Will not the loan capital be furnished by private lending agencies?

Mr. CAPEHART. It will be furnished exactly as it is for public housing. In the case of public housing, mortgages are sold, and the FHA guarantees the loans. The financing is exactly the same in both instances—for military housing and public housing.

Mr. DOUGLAS. Then why did not the Senator from Indiana, in his original bill concerning military housing, provide for direct construction? Instead of that, he provided for FHA financing.

Mr. CAPEHART. I presume that was for the same reason that, since 1937, public housing has been handled by the mortgage route. I presume we wished to be consistent, and to finance military housing in the same manner all other housing in the United States is financed, namely, by FHA-guaranteed mortgages, permitting private persons to purchase the mortgages under the FHA insurance plan. Under that plan, premiums are paid into the FHA's insurance fund; and so far, of course, the premiums have been greater than the losses.

Mr. LEHMAN. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. LEHMAN. I wonder whether the Senator from Indiana can explain a little more clearly what connection there is between military housing and the public housing for which the bill provides. Is it not a fact that the occupancy of military housing is not at all dependent upon the income of those who will use the houses, because they will be used by generals as well as by privates?

Mr. CAPEHART. Yes. I may say to the able Senator from New York that the only connection is that the military need approximately 300,000 units, to house the married personnel, which includes all ranks from privates up to generals. This bill authorizes the construction in the next year of approximately 100,000 of those units. There is not too much connection between public housing and military housing, except that this year's program for the construction of military housing contemplates that an additional 100,000 units will be completed in the United States for the use of the military. The Government will own the houses, and will lease them to the military personnel.

In the case of public housing, units are built and are rented to persons of low income, and the rentals they pay are not sufficient to amortize the mortgages. Therefore, the Federal Government makes up the difference, by means of direct appropriations. But, of course, in the case of military housing the rentals are more than sufficient to amortize the 30-year mortgages.

Mr. LEHMAN. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. LEHMAN. As the Senator from Indiana knows, I was strongly in favor, and I am still strongly in favor, of the program for the construction of housing for military personnel, because I believe we have been very indifferent to the needs of our military services, both in the United States and abroad. So I am very happy we are going to care for the needs of the military.

However, I fail to see that there is any connection between military housing and public housing, because, as a matter of fact, the rental of the housing constructed for the members of the armed services is paid by means of deductions from the allowances made by the Government to them, regardless of whether the personnel concerned consist of privates, of noncommissioned officers, of junior officers, or of generals; it is not at all dependent on the financial means of the military personnel occupying the houses.

Mr. CAPEHART. I think the Senator from New York is correct. Under the housing program for the military there will be 100,000 housing units, in addition to the 35,000 new housing units constructed by private contractors for the use of civilian persons of low incomes, plus the 10,000 housing units for elderly persons. I believe the best argument for the construction of 35,000 housing units for persons of low incomes, plus the construction of 10,000 housing units for elderly persons, is that at no time during the life of public housing have we come anywhere near to approaching the construction of 45,000 housing units, on the average, in any 1 year.

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. I understand that later the Senator from Indiana will offer his own amendment which relates to this subject.

Mr. CAPEHART. Yes.

Mr. SPARKMAN. However, I understand that the Flanders amendment is really a perfecting amendment to the bill as reported by the committee. It seems to me that the Flanders amendment should be noncontroversial, because it simply reinstates the old flexible clause. As a matter of fact, I think in any event the President could proceed in that way by means of his recommendations, and by working through the Bureau of the Budget.

The amendment of the Senator from Vermont will provide a flexible arrangement, so that the President will be able either to decrease or increase the num-

ber of units as was possible under the old law.

Mr. CAPEHART. Let me say that if there are in the Senate sufficient votes to keep the bill in the form in which it is now written, then the amendment of the Senator from Vermont certainly is desirable; there can be no question about that.

Mr. SPARKMAN. This is my point. In other words, the Flanders amendment is simply a perfecting amendment.

Mr. CAPEHART. Mr. President, personally I am opposed to the amendment, and the President of the United States is opposed to it, because he is advocating 35,000 units, rather than the number now provided in the bill.

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. Of course, I understand that, as I think all of us clearly understand it. But agreeing to this amendment will not change that situation in any respect. The Flanders amendment simply will perfect the language which is contained in the bill for the time being, and will not affect at all the amendment the Senator from Indiana has in mind. So it seems to me the Senate should accept the Flanders amendment, and then should move on to consider other amendments.

Mr. CAPEHART. Then is it the opinion of the able junior Senator from Alabama, the chairman of the subcommittee, that we might well accept the Flanders amendment?

Mr. SPARKMAN. Yes; and then we can move on, because in the end the question will have to be decided.

Mr. CAPEHART. I understand that our acceptance of the Flanders amendment will have no effect on the question of whether there will be 35,000 units or 135,000 units.

Mr. SPARKMAN. That is correct; this amendment has nothing at all to do with that question. This amendment affects only the language now in the bill. The amendment of the Senator from Indiana will be before us later on.

Mr. CAPEHART. The language of this amendment would permit the President to reduce the number, would it not?

Mr. SPARKMAN. Yes; in the event the amendment became the law.

Mr. CAPEHART. It would permit the President to reduce the number of units under a flexible arrangement.

Mr. SPARKMAN. That is correct.

Mr. LEHMAN. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. LEHMAN. Regardless of whether the Flanders amendment is advisable—and I am not necessarily opposed to it—I wish to correct an impression the Senator from Indiana has inadvertently, perhaps, given, namely, that military housing is the same as public housing. I do not agree.

Mr. CAPEHART. I shall help straighten out that point. It may not be the same; but the bill provides an additional

100,000 units of military housing, which will be built in the next few months.

Mr. LEHMAN. The Senator from Indiana speaks of 100,000 units for the military alone. Yet he wants the entire remainder of the population, consisting in great part of persons of very low incomes, to have as few as 35,000 units. That does not seem to be logical.

Mr. CAPEHART. Let me say that I am opposed to public housing in any number of units, because in my State it is not needed; and in every instance, I believe, the people of my State have voted it down. However, I realize there is need in certain sections of the United States for a limited number of public housing units.

For that reason, I would go along with the provision for 35,000 public-housing units, plus the 10,000 units for elderly persons, although in my opinion even that number will be too many, and will be more than will be constructed in any one year.

I wish the RECORD to show that personally I am opposed to public housing, and I do not think it is needed. It is not needed in my State, and my State likewise is opposed to it. But I am sufficiently broadminded to realize that in certain sections of the United States, such as New York, Chicago, and other large cities, some public housing is needed. For that reason, I shall go along with the proposal for 45,000 units a year, as advocated and recommended by the President.

Mr. President, if it is agreeable to the able junior Senator from Alabama [Mr. SPARKMAN], the floor manager of the bill, perhaps the Flanders amendment can be accepted. We have no objection to accepting it.

Mr. SPARKMAN. Yes; I think that will be perfectly agreeable.

Mr. FLANDERS. Mr. President, I judge that the amendment still must be voted on. So I call for a vote on the amendment.

The PRESIDING OFFICER. The Senator from Vermont is correct.

Does the Senator from Texas yield back the remainder of the time under his control?

Mr. JOHNSON of Texas. Very well, Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Vermont yield back the remainder of the time under his control?

Mr. FLANDERS. I do.

The PRESIDING OFFICER. All available time has been yielded back.

The question is on agreeing to the amendment offered by the Senator from Vermont [Mr. FLANDERS].

The amendment was agreed to.

VISIT TO THE SENATE BY REPRESENTATIVES OF MORAL REARMAMENT

Mr. CAPEHART. Mr. President, I should like to introduce to the Senate some very distinguished gentlemen who now are sitting in the gallery. Let me present Dr. Theodore Oberlander, the Minister of Refugees for Germany; Mr.

Ole Bjorn Kraft, former Foreign Minister of Denmark; Mr. Diomede Catroux, former French Minister for Air; Mr. Ole Olsen, of Olsen and Johnson; Mr. Stewart Lancaster, of Louisville, Ky.; and Mr. John Cotton Wood, of New York.

These gentlemen are members of the Moral Rearmament organization, and are in Washington in its behalf. Tonight, at the National Theater, a play entitled "The Vanishing Island" is to be presented, and will be repeated on tomorrow evening. Thereafter, these gentlemen will tour Japan, the Far East, and Europe.

Inasmuch as many of our colleagues are very much interested in the Moral Rearmament movement, I take pleasure in introducing these gentlemen to the Senate. I ask them to rise, so that they may be identified by Senators. [Applause.]

The PRESIDING OFFICER. The Chair thanks the distinguished Senator from Indiana for introducing these distinguished visitors to the Senate. The Chair assures them that they are welcome here; we are very glad to have them visit us.

HOUSING ACT OF 1955

The Senate resumed the consideration of the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

Mr. MONRONEY. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Oklahoma will be stated.

The LEGISLATIVE CLERK. On page 35, line 2, it is proposed to strike the words "entered into after" and insert in lieu thereof the following: "under which loan funds have not been fully disbursed prior to."

Mr. MONRONEY. Mr. President, this is a very simple clarifying amendment designed to provide for uniformity in the interest rates with respect to the college housing loan amendments in the bill.

As the committee has explained, the interest rate on college housing loans will be reduced, under the terms of the bill, from 3½ percent to 2¾ percent. In the interest of uniformity, my amendment would make the new interest rate apply at the time the money is disbursed. Unless this amendment is adopted, there will be several varying degrees of interest rates being charged, because loan applications of various colleges have been taken over a period of a good many months. I think the uniform interest rate of 2¾ percent, applying at the time the money is paid out, will provide a rather sound basis on which to work.

I understand that the chairman of the subcommittee is agreeable to accepting this amendment.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. SPARKMAN. I am certainly willing to accept the amendment.

Mr. MONRONEY. I discussed the amendment also with the distinguished ranking minority member [Mr. CAPEHART].

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. CAPEHART. I am willing to accept the amendment and have it taken to conference, with the understanding that we may have to take a good look at it in conference.

Mr. MONRONEY. My amendment provides for uniformity in interest charges on these loans.

Mr. CAPEHART. I think it is something we can take to conference.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. CARLSON. I should like to ask the distinguished Senator from Oklahoma, who is a member of the committee, about the expansion of housing for colleges. What is the program in the pending bill?

Mr. MONRONEY. Expansion is provided for. The loan ceiling is increased from \$300 million to \$500 million, with an additional \$100 million ceiling for other educational facilities. As I have stated, the interest rate is reduced. It is provided that the interest rate will always be one-quarter of one percent higher than the rate which HHFA pays to the Treasury. No loans under this program may be made on construction completed prior to the filing of applications under the provisions of the act. It includes other educational facilities, within the definition of the term "development costs."

Mr. CARLSON. I think the committee has rendered a real service to our colleges and universities by making provision for additional housing. I think the demand exists. We are taking care of a situation in which, in my opinion, there will be greater and greater demand. The number of married students in our schools in future years will increase. I think the committee should be commended.

Mr. MONRONEY. I think the committee has done a very excellent job.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, it seems to me that the amendment which the Senator from Oklahoma proposes is meritorious, if I correctly understand its application, but I am wondering whether it is sufficiently broad to take care of institutions which have made application for loans, and with respect to which the funds have perhaps been advanced, but construction has not been completed. One instance comes to my mind, of an institution which found that the difference in the interest rate as between a certain month and the succeeding month was either an eighth or a quarter of 1 percent. If the loan had been approved a few days later, it would have carried a

lower rate of interest. The institution did not use the money at the date upon which it received its first funds. Would the language proposed take care of institutions which may have received the money, but have not actually expended it?

Mr. MONRONEY. I will say to the distinguished Senator from South Dakota that the amendment would enable the Housing and Home Finance Agency to allow the low interest rate with respect to all funds which have not been disbursed by the agency. On the money already paid out by the agency to the educational institution, it is obviously impossible to figure the new interest rate. With respect to all money which has not been disbursed on loans which have been previously approved, and on which some disbursement has taken place, and with respect to all future disbursements after the passage of the act, they will be at the new low interest rate.

Mr. CASE of South Dakota. I am not sure that this amendment would correct certain inequities which I feel exist under the present law. If the amendment goes to conference, it seems to me that it will be possible for the conferees to modify the language in conference. I am glad to see it go to conference. I hope the distinguished Senator from Alabama [Mr. SPARKMAN] and the distinguished Senator from Indiana [Mr. CAPEHART] will be receptive to any information which I can obtain on the situation to which I have referred.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. SPARKMAN. I should like to add to what the Senator from Oklahoma has said something which he has perhaps overlooked in his remarks.

The amendment which he proposes would not only take care of the lower interest rate on undisbursed funds, but would also enable the agency to negotiate for settlement with respect to all the funds involving a particular contract, even though a part of them had already been disbursed.

Let me say to the able Senator from South Dakota that when the Senator from Oklahoma spoke to me on this subject I immediately raised a question similar to that which the Senator from South Dakota has mentioned. I realize that there may be other angles. I suggested to the Senator from Oklahoma that the amendment might require some modification between this time and the conclusion of the conference. It may very well be that some further formula can be devised which will be fair to all concerned.

Mr. CASE of South Dakota. I thank the Senator for his statement.

The PRESIDING OFFICER. Does the Senator from Texas yield back the remainder of his time?

Mr. JOHNSON of Texas. I yield back the remainder of my time, on condition that the Senator from Oklahoma [Mr. MONRONEY] also yield back the remainder of his time.

Mr. MONRONEY. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been used or yielded back. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. MONRONEY].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BUSH. Mr. President, I send to the desk two amendments to the pending bill, and ask that they lie on the table.

The PRESIDING OFFICER. The amendments will lie on the table.

Mr. CAPEHART. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 12, it is proposed to strike out subsections (a), (b), and (c) of section 108 and insert in lieu thereof the following:

(a) The United States Housing Act of 1937, as amended, is hereby amended by deleting section 10 (1) and inserting the following:

"(1) Notwithstanding the provisions of any other law, the Authority may, with respect to low-rent housing initiated after March 1, 1949, enter into new contracts for loans and annual contributions after July 1, 1954, for not to exceed 35,000 additional dwelling units, which amount shall be increased by 35,000 additional dwelling units on July 1 of the years 1955 and 1956, and may enter into such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: *Provided*, That the authority to enter into new contracts for loans and annual contributions with respect to each such 35,000 additional dwelling units shall terminate 2 years after the first date on which such authority may be exercised under the foregoing provisions of this subsection: *Provided further*, That no such new contract for annual contributions for additional units shall be entered into except with respect to low-rent housing for a locality respecting which (1) the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954: *Provided further*, That no such new contract for annual contributions for additional units shall be entered into unless the governing body of the locality has, by resolution, approved such additional units: *And provided further*, That no such new contract for annual contributions for additional units shall be entered into unless the number of such additional units does not exceed the number of families of low income, eligible for admission to such units, which the Housing and Home Finance Administrator estimates will be displaced within the metropolitan or housing market area of such locality as a result of Federal, State, or local governmental action."

It is also proposed to reletter succeeding subsections.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum, and, on behalf of myself and the minority leader, I ask unanimous consent that the time taken for the quorum call be not charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Frear	McClellan
Allott	Fulbright	McNamara
Anderson	George	Millikin
Barkley	Goldwater	Monroney
Barrett	Gore	Morse
Beall	Hayden	Mundt
Bender	Hennings	Neely
Bennett	Hickenlooper	Neuberger
Bible	Hill	O'Mahoney
Bricker	Holland	Payne
Bridges	Hruska	Purtell
Bush	Ives	Robertson
Butler	Jackson	Russell
Byrd	Jenner	Saltonstall
Capehart	Johnson, Tex.	Schoeppel
Carlson	Johnston, S. C.	Scott
Case, N. J.	Kefauver	Smathers
Case, S. Dak.	Kennedy	Smith, Maine
Chavez	Kerr	Smith, N. J.
Cotton	Kilgore	Sparkman
Curtis	Knowland	Stennis
Daniel	Kuchel	Symington
Douglas	Langer	Thurmond
Duff	Lehman	Thye
Dworshak	Magnuson	Watkins
Eastland	Malone	Welker
Ellender	Mansfield	Wiley
Ervin	Martin, Pa.	Williams
Flanders	McCarthy	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

Mr. CAPEHART. Mr. President, I yield to the Senator from Maine [Mr. PAYNE].

Mr. PAYNE. Mr. President, I send to the desk an amendment to the amendment offered by the Senator from Indiana, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Maine to the amendment of the Senator from Indiana.

The CHIEF CLERK. In line 1 of Mr. CAPEHART's amendment, it is proposed to strike out "subsections (a), (b), and (c)" and insert in lieu thereof "subsection (c)."

On page 1, in line 3, strike out "(a)" and insert in lieu thereof "(c)."

On page 2 strike all that follows the word "subsection", appearing in line 12, as follows:

Provided further, That no such new contract for annual contributions for additional units shall be entered into except with respect to low-rent housing for a locality respecting which (1) the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954: *Provided further*, That no such new contract for annual contributions for additional units shall be entered into unless the governing body of the locality has, by resolution, approved such additional units: *And provided further*, That no such new contract for annual contributions for additional units shall be entered into unless the number of such additional units does not exceed the number of families of low income, eligible for admission to such units, which the Housing and Home Finance Administrator estimates will be displaced within the metropolitan or housing market area of such locality as a

result of Federal, State, or local governmental action."

On page 3, strike out line 10.

Mr. CAPEHART. Mr. President, I should like to have the able Senator from Maine explain his modification of my amendment.

Mr. PAYNE. Mr. President, my amendment to the amendment offered by the Senator from Indiana would bring to a straight issue the question whether the Senate shall provide for 35,000 housing units, or 135,000 units, as recommended in the bill reported by the committee.

The amendment of the Senator from Indiana contains certain restrictive features which, in my opinion, would not permit the accomplishment of a sound public-housing program and one which could get under way. It is for that reason that I have offered my amendment. It would remove the restrictions and make the context of the bill comport with the 1949 law. Under the restrictions contained in the amendment of the Senator from Indiana, if an individual desires to leave a slum area he would not be eligible for public housing. If a person's property in a slum area were burned out and he came under the other criteria, he would not be eligible.

If private enterprise cleared out an area, the persons who were forced to vacate would not come under the proviso with reference to displaced individuals.

I would simply remove the restrictions which are in the amendment, make it more in keeping with the provisions of the bill as reported by the committee, and bring the question down to a straight issue of 35,000 units as against 135,000 units.

Mr. CAPEHART. Mr. President, I accept the modification of my amendment. Whether we are for or against public housing makes no difference with respect to this amendment. If we are going to have public housing I think it is only fair that we should eliminate the restrictions. The restrictions which were written into the bill last year almost prohibited any public housing being constructed. In other words, Mr. President, there is no use passing a public-housing act and saying we want 35,000 units or 10,000 units or 1,000 units, and then writing restrictions which make it absolutely impossible to build any public housing. That, to my mind, is simply being hypocritical.

Mr. PAYNE. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. PAYNE. Is it not true that last year there was a 35,000-unit provision in the bill?

Mr. CAPEHART. That is correct.

Mr. PAYNE. Yet, actually, up to the time of the hearing, there were, as I recall, 115 starts?

Mr. CAPEHART. There were 142 starts.

Mr. PAYNE. Yes; 142 starts had been made.

Mr. CAPEHART. That was because of the restrictions. My point is, let us not be hypocritical and say we want 135,000 public-housing units. My State

does not need any and does not want any, but we should not impose restrictions which would eliminate any public housing.

For that reason, Mr. President, I accept the modification of my amendment which has been suggested by the Senator from Maine.

I shall take only a few minutes in discussing my amendment. I allocate to myself 10 minutes, but I do not think I shall use all that time.

The amendment which is before the Senate, as it has just been modified by amendment of the able Senator from Maine, simply reduces the number of public-housing units provided for in the bill from 135,000 each year to 35,000, plus 10,000 provided for elderly people, making a total of 45,000.

In other words, if my amendment, as modified, shall be agreed to, the bill will call for 45,000 units each year, 35,000 units of straight public housing and 10,000 units for elderly persons, for a period of 2 years, making a total of 70,000 straight public-housing units; and then 50,000 public-housing units for elderly people under the 5-year program of 10,000 a year, which would make the number of public-housing units authorized by the bill 120,000, which would be built at the rate of 45,000 units each year. For a period of 2 years 90,000 units would be authorized. Then there would be 3 years in which 10,000 public-housing units could be built for elderly persons.

The recommendation of the President in his annual message was that provision be made for 35,000 public-housing units each year for 2 years, or a total of 70,000 units. The President did not say anything about public housing for elderly persons; that provision for 10,000 units was written into the bill by the committee, and makes the number 45,000 units as against 35,000 recommended by the President.

Here are the records and the facts. Since 1937 only 382,365 units have been completed and turned over for public-housing usage. That covers a period of about 18 years, during which an average of about 20,000 units a year were built. I shall cite the legislation under which the housing was constructed.

Under the Housing Act of 1949, 165,580 units were completed. Over a period of 6 years, an average of less than 30,000 public-housing units were completed annually.

Under the Housing Act of 1937, 117,141 units were built.

Under the Housing Act of 1940, which provided for public defense housing, houses built only for defense workers, 49,366 units were built, and at the end of the war these were turned over to the public-housing authorities for use by them.

For PWA—I am certain Senators remember PWA days—21,570 houses were built as public housing.

Under the Lanham Act, which was a 100-percent war measure for defense housing, 19,670 units were built, and turned over to public-housing authorities.

For farm-labor camps, back in the PWA or WPA days, 9,038 units were built

and turned over for use by public-housing authorities.

That makes a total of 382,365 units completed for public-housing use since 1937.

Would it not be much better to have a sane, sound, workable program of 45,000 units each year, and actually build them, than to talk about 810,000 units or 135,000 units, and never build them?

The President's idea was to have 35,000 units built each year, and that was what he recommended. The committee added 10,000 units for elderly people, which makes a total of 45,000 units.

Would it not be much better to work under a sane, sound, practical, conservative policy, and actually to build 45,000 units a year, than to talk about 135,000 units, when it is known that they will not be built?

Is it not impractical to speak of constructing 810,000 units in a period of 5 years, when since 1937 only 382,000 units have been built? It should be remembered, too, that of the 382,000, 100,000 were houses built for defense purposes, and turned over later to public-housing authorities. So actually only 282,000 public-housing units have been built since 1937.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. ELLENDER. Is it not true that although the bill provides for 810,000 units, from that number there must be deducted those which already have been built?

Mr. CAPEHART. Yes, and that brings the number down to approximately 600,000.

Mr. ELLENDER. My figures show that the units completed under the act aggregate 348,000; 34,000 are under construction, plus 42,000 under contract but not under construction. This makes a total of 424,000 units which have either been already built or are under contract.

So the amount of new housing under the bill will not be 810,000 units, but will be the difference between 810,000 and 424,000. Is that not true?

Mr. CAPEHART. No, I do not believe that is quite true. I think the Senator is referring to the 1949 act, under which 165,580 units have been completed, with another 59,775 authorized, or a total of 225,000.

If from 810,000 is deducted 225,000, the number still to be built is approximately 600,000.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. KNOWLAND. I yield an additional 5 minutes to the Senator from Indiana.

Mr. ELLENDER. I was referring to the original act, of which I had the honor to be a sponsor.

Mr. CAPEHART. The original act was sponsored by the able senior Senator from Louisiana, the late Senator Taft, and the late Senator Wagner. That act called for 810,000 units. Since that time 165,580 units have been built, and 59,775 units have been authorized, a total of 225,355 units. By deducting 225,355 from 810,000, we arrive at the

number of units called for in the bill which is now before the Senate.

Mr. KNOWLAND. Mr. President, will the Senator yield for a half minute, so that I may ask that the yeas and nays be ordered on the Capehart amendment?

Mr. CAPEHART. I yield.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on the Capehart amendment.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. I have some figures regarding the number of units actually built under the 1949 act. The able Senator from Louisiana included in his figures those built under the 1937 act. But under the 1949 act 247,700 units have been built.

Mr. CAPEHART. Those figures do not even begin to correspond with the figures which have been given me.

Mr. SPARKMAN. That leaves 262,300 still authorized. That is the real figure which would be included here. However, the amount of money authorized would provide for only 392,000. The bill as it is written provides for 392,000 units.

Mr. CAPEHART. In my State, it is felt that public housing is not needed. I think in every instance the cities of Indiana have rejected it.

Mr. LEHMAN. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. LEHMAN. As I have listened to the Senator from Indiana, I have received the impression that the main argument against the larger number of units, which the committee is advocating, is that in the past, almost in the dim past, only a relatively small number of houses were built. We talk about 19,000, 25,000, or 30,000 units a year.

All I can say is that I remember the time—and I probably remember it because I am so much older than the Senator from Indiana—when aged, needy people were taken care of in poorhouses. But we have got away from that.

I remember the time when there was no social security whatsoever, and no workmen's compensation at all.

Mr. CAPEHART. Mr. President, is the Senator from New York asking me a question?

Mr. LEHMAN. I shall be glad to ask a question.

Mr. CAPEHART. Does the Senator wish time in his own right?

Mr. LEHMAN. I shall be glad to reduce my comments to a question.

Mr. CAPEHART. I do not care; I simply want to be certain that the time is kept straight.

Mr. LEHMAN. I shall be glad to use my own time.

Mr. CAPEHART. I shall be happy to yield some of my time.

Mr. LEHMAN. No.

Mr. CAPEHART. I merely wish to be certain that the time is kept straight.

Mr. LEHMAN. I was shocked to hear what the Senator said.

Mr. CAPEHART. Do not be shocked, please.

Mr. LEHMAN. Ten or 15 years ago, when conditions were very different, and the conscience of the people had not been aroused, certain things were done in different ways from the manner in which they are done today.

However, I will withdraw my question.

Mr. CAPEHART. No; I think the situation is just the opposite. The Senator ought himself to be shocked inasmuch as evidently 3, 4, or 5 years ago there was more need for public housing than there is now, because during the past 10 years new houses have been built at the rate of more than a million a year. There must be less need for public housing today than there was in 1949.

I have only used the figures as a matter of record in order to be factual, and simply to show the number of public-housing units which have been built, on the average, since 1937. If there has been such great need for public housing, why have not more units been built? Why has not the party of the able Senator from New York sponsored the building of more public housing in that time? Why has there been a delay?

What the committee is trying to do, and what the President is seeking to have done, is to have the public-housing program placed on a sane, sound, practical basis, and then to have built each year a definite number, rather than to talk about large numbers, such as 135,000 units, but to build on an average of only 30,000 a year?

Mr. LEHMAN. Since the distinguished Senator from Indiana has raised the question, and I have not put a question mark after my question, I am going to withdraw it.

Mr. CAPEHART. I merely wanted to make sure—

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The time of the Senator from Indiana has expired.

Mr. CAPEHART. Mr. President, I yield myself 5 additional minutes, so that I may yield to the Senator from New York.

Mr. LEHMAN. Mr. President, I wished to proceed with the inquiry, because it seems to me it is amazing that the only objection which is suggested against the larger program is that certain things were done in the past. There were many things we did not do in the past and many in connection with which we acted supinely—among them the building of new housing—because of the Korean war. In the old days we had no wage and hour law, and no factory inspection. I do not think our past inaction should be used as an excuse for not concerning ourselves very vigorously with the problem at hand. The only argument I have heard thus far from the Senator from Indiana, although I am sure he will have other arguments to advance, is that we did not do anything 5, 10, or 15 years ago.

Mr. CAPEHART. I think it is a sound argument, because if there was a great need for housing, the law existed under which housing could have been constructed, and it was not done. The 1949 act authorized the building of 135,000 units a year. Why were they not built?

Mr. LEHMAN. I do not know why they were not built. I was not a Member of the Senate at that time. I am extremely sorry they were not built. Later, throughout the period of the Korean war, everything had to be subordinated to our military needs.

Mr. CAPEHART. Was not the reason a very simple one and an honest one, namely, that from 35,000 to 50,000 units a year are about all that can be processed, and about all the cities can handle, and get ready to build, and actually build?

Mr. LEHMAN. No. I shall develop that point in my remarks later.

Mr. SALTONSTALL. Mr. President, will the Senator yield at that point?

Mr. CAPEHART. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I am interested in public housing, as the Senator knows, and I should like to say—

Mr. LEHMAN. Is the Senator going to vote with us on the bill? That is the test.

Mr. SALTONSTALL. I am going to vote against the Senator's position.

In 1953, as the Senator from Louisiana [Mr. ELLENDER] knows as well as I do, there was an authorization in the act for 135,000 units, and the budget estimate submitted by President Truman called for 75,000 units. The House cut the number to 5,000 units. The Senate provided for 45,000 units. If I remember rightly, the Senator from Louisiana, the Senator from South Carolina, and I stood for 55,000 units; but the majority of the committee recommended 45,000 units. The conferees compromised as between the House figure and the Senate figure and made it 35,000 units. That was the number provided for in 1953. That is where the figure submitted in this year's budget comes from.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. ELLENDER. The Senator from Massachusetts is absolutely correct about that. However, I wish to call the attention of my good friend from Indiana to the fact that an effort was made to provide for 75,000 units, but, because of the attitude taken by the House, we could not put in the bill more than the conference committee agreed to.

Mr. SALTONSTALL. The Senator from Louisiana and I stood up for 55,000 along with our late friend from South Carolina Senator Maybank.

Mr. ELLENDER. One of the reasons this program did not proceed as fast as it should have was the action taken by the House.

Mr. CAPEHART. Does not the Senator think it would be more practical to follow the recommendations of the President, provide for 35,000 units a year, make the appropriation, and let the program operate over a period of years?

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. CAPEHART. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Indiana has 40 minutes remaining to him.

Mr. CAPEHART. Mr. President, I yield myself 5 additional minutes.

Mr. DOUGLAS. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield to the Senator from Illinois.

Mr. DOUGLAS. Is not the reason for the slowing up of the housing program in 1953 that the colleagues of our friends on the other side of the aisle had control of the Committee on Appropriations of the House of Representatives, and they not only tied down the amount appropriated, but also imposed restrictions which made it virtually impossible to construct houses? Now the Senator from Indiana is proposing to again place the country in the iron vest in which it was confined then.

Mr. CAPEHART. Mr. President, I wish to say to my good friend from Illinois that my memory on that point is not very good.

Mr. President, I yield the floor temporarily.

Mr. ELLENDER. Mr. President—
The PRESIDING OFFICER. The Senator from Louisiana.

Mr. ELLENDER. Mr. President, I yield myself 5 minutes.

I do not know of any bill which I helped to pass in the Senate, Mr. President, of which I am prouder than I am of the Public Housing Act. For many years, our Government has extended a helping hand to those of our population who have been able to finance the construction of new homes, and the repair of existing homes, through FMA. We assisted those who had sufficient income to finance their own homes.

We provided a program, which has proved to be a good, sound, workable one, whereby anyone with a reasonably secure job or other source of modest income might obtain private financing with Government backing, to construct a home for himself and his family. But in the case of those unfortunate persons who do not have enough yearly income to finance the ownership of a home of their own we offered no help whatsoever. Why, Mr. President, have some people, who have asked for and obtained in the past, billions of dollars in Federal financing for themselves—people who actually were able to assist themselves without Government help—but who now come to Congress to fight the low-rent housing program?

Today our Government has guaranteed our veterans over \$20 billion in loans. The Federal Housing Administration has guaranteed, through private lending facilities, housing loans amounting to over \$18½ billion. The pending bill provides an additional \$4 billion for FHA, which will be used to assist those fortunate persons who, because they have sufficient salaries, are able to buy or build their own homes.

But Mr. President, when it comes to assisting those unfortunate Americans

who are unable to help themselves—who are unable to afford the comfort of an FHA-financed home—we hear a lot of "squawking" not only on the House or Senate floors, but from the very persons who are urging that we make available to them \$4 billion more in order to guarantee the building of privately owned homes.

Mr. President, if Senators will only study this housing program they will find that it has been a Godsend to those communities in which projects have been built. The fact that these communities now have more contented and law-abiding citizens—that happier and more efficient workers are available for industry—all of this contributes substantially to the advancement of the community as a whole through the reduction of law-enforcement costs and as a result of those intangible benefits which flow from comfortable housing facilities and bright, decent surroundings. I repeat, Mr. President—the many substantial benefits that have accrued to our country more than repays the small amounts that our citizens must contribute by way of taxes in order to defray the cost of the small subsidy which makes public housing available to families in the low-income bracket.

I hope the amendment before the Senate now will be rejected; and I hope that the Senate today will, in a measure, reenact and reinstate the provisions of the Housing Act of 1949, which I took an active part in making possible.

Mr. President, my distinguished colleague, the junior Senator from Louisiana [Mr. LONG], is necessarily absent from the Senate today in connection with his official duties. He and I are vitally interested in title II of the pending bill, which contains the substance of Senate bill 1524, a measure I cosponsored with the junior Senator from Louisiana and 22 other Senators.

In brief, title II will create a revolving fund of \$100 million, to be administered by the Community Facilities Administration of the Housing and Home Finance Agency. Its purpose is to assist municipalities in financing sewerage, water distribution, and other public facility improvements. There is a great need for this source of credit on the part of small communities throughout the Nation—communities which will otherwise be denied credit in the open money market. Title II, if enacted, will enable these communities to secure the necessary funds in order to provide their residents with these vital facilities and pay back the Government the principal together with a reasonable interest rate. The net cost to the Federal Government should be absolutely nothing, Mr. President, while the added health protection and enjoyment it will bring to American citizens throughout our land are immeasurable.

On behalf of my distinguished colleague, the junior Senator from Louisiana [Mr. LONG] and myself, and the 22 other sponsors of S. 1524, I urge the Sen-

ate to adopt without change title II of the bill as reported by the Senate Committee on Banking and Currency.

Mr. President, at this time I yield 15 minutes to the distinguished Senator from New York [Mr. LEHMAN].

The PRESIDING OFFICER. The Senator from New York is recognized for 15 minutes.

Mr. LEHMAN. Mr. President, I address myself to the question of the national need for a continuing and substantial public-housing program.

It has been asserted by the opponents of public housing that it was a stopgap program devised in the 1930's to meet merely a temporary unemployment situation. Mr. President, nothing could be further from the truth.

The public-housing program is a permanent Federal undertaking based on the growing need for Federal aid to low-income groups who cannot afford adequate private housing. We have had in the past, and we are going to have for decades, a far larger demand for housing than the private construction and private investment resources of the Nation could possibly meet.

At the present time we are building about 1,400,000 new housing units a year. At first glance, this appears to be a sizable figure. But when compared with our housing needs occasioned by the formation of families, the deterioration in buildings we now have, and various types of casualty losses, the present figure is far short of the needed construction.

Dr. William L. C. Wheaton, of the University of Pennsylvania, a leading expert on our housing needs and resources, testified recently before the Banking and Currency Committee regarding our present housing needs. He estimated that there are now 10 million substandard dwellings which are being occupied and which are so far below standard that they cannot be rehabilitated. Dr. Wheaton further stated that at the present rate of construction by private enterprise over the next 15 years, we will in fact have about 14 million substandard dwellings by 1970.

I quote these figures to refute the claim that our high construction rate will cause a "trickle down"—a favorite expression of the present administration—of adequate housing to the low-income groups which now need public housing. Dr. Wheaton's figures show that as high income groups move into the new housing units, they do not leave vacancies sufficient to house the lower-income groups. The simple fact of the matter is that today, and in the foreseeable future, millions of our low-income persons and families must live in substandard, unsafe, disease-ridden, and slum-surrounded dwellings, unless they can obtain some relief from Federal housing legislation.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, certain tables compiled by the National Housing Conference.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 2.—Substandard dwellings requiring replacement or rehabilitation, 1950 (thousands)

	Substandard	Requiring replacement	Requiring rehabilitation
Urban housing: ¹			
Dilapidated	2,217	2,217	-----
Lacking plumbing or running water	4,721	2,725	1,996
In substandard blocks ²	1,993	1,993	-----
Total urban	8,931	6,935	1,996
Rural nonfarm housing: ³			
Dilapidated	1,131	1,131	-----
Lacking running water	1,841	614	1,227
Total rural nonfarm	2,972	1,745	1,227
Nonfarm total	11,903	8,680	3,223
Farm housing: ⁴			
Serious deficiencies	2,024	1,524	⁵ (500)
Other deficiencies	1,405	-----	1,405
Total farm	3,429	1,524	1,405
All housing	15,332	10,204	⁵ 4,628

¹ All housing in standard metropolitan areas.

² Additional dwellings in blocks more than 50 percent substandard.

³ Nonfarm dwellings outside standard metropolitan areas.

⁴ Deficiencies based on U. S. Department of Agriculture data.

⁵ 500,000 dwellings abandoned and not replaced.

TABLE 3.—Population and average household size, 1930-70

Year	Population ¹ (millions)	Average household ² size
1930	122.7	4.01
1940	131.6	3.67
1950	151.6	3.39
1955	164.8	³ 3.35
1960	174.4	³ 3.10
1965	189.9	³ 2.95
1970	204.4	³ 2.80

¹ United States Census, series P-25 No. 78, 1953.

² United States Census, P-20 No. 41, 1952; and P-20 No. 35, 1951.

³ Straight line projection of 1930-50.

TABLE 4.—Estimated changes in population, household size, number of households, and dwellings required, 1955-70

	1955	1960	1965	1970
Population (millions)	164.8	174.4	189.9	204.4
Less population not in households ¹	4.9	5.2	5.7	6.1
Population in households (millions)	159.9	169.2	184.2	198.3
Average household size ²	3.35	³ 3.1	2.95	2.80
Number of households (millions)	47.70	54.58	62.44	70.82
Plus vacancies, 4 percent (millions)	1.90	2.18	2.50	2.83
Total dwellings required (millions)	49.60	56.76	64.94	73.65
Additional dwellings required during preceding period (millions)	-----	7.16	8.28	8.71
Average annual construction required during preceding period ⁴	-----	1.43	1.65	1.74

¹ Assumed 3 percent.

² Table 3.

³ A lower rate of reduction in average household size would be:

Average size	3.15	3.0	2.90
Number of households	53.71	61.40	68.38
Total dwellings	55.86	63.86	71.11
Additional dwellings	5.44	8.00	7.25
Annual construction	1.09	1.60	1.46

⁴ See text for explanation of relationship between family and household size. These estimates include needs arising from new family formation, undoubling, required vacancies, changes in family size, and increases in number of persons or families using separate housing accommodations.

Mr. LEHMAN. Mr. President, I wish to read a part of the statement made by Dr. Wheaton, as follows:

REPLACEMENT RATES

In addition to these requirements for new population and new families, the Nation must replace the 10.2 million substandard units requiring replacement shown in table 2. If these units were to be replaced in the period 1955-65 we would have to build nearly 2.5 million homes in each of these years. This could not be accomplished in the immediate future without inflationary pressures, unless other construction drops seriously and unless there is a substantial drop in armament production. From a purely housing standpoint, it would be undesirable to attempt any such volume of replacement until new homes are available to accommodate those displaced from substandard homes.

For these reasons it would appear to be both economically and socially desirable to spread the replacement task over a 20-year period. If this were done, the volume of current construction would have to be increased steadily and rapidly, but within magnitudes which could be readily achieved by the building industry. Such a program would permit relocation to proceed in a more orderly and humane fashion, and would be more nearly in keeping with the capacity of our cities to plan for slum clearance and redevelopment.

Finally, if the replacement job is scheduled over a 20-year period, the annual volume of new building for replacement will be stabilized over a 30-year period. For by 1975, when the job of replacing our 1950 substandard homes is completed, we will have to continue replacement construction at the rate of 500,000 units per year merely to replace dwellings then becoming 70 years old. Indeed, a step-up of replacement construction to a level of over 600,000 units per year would be necessary to cover the 1950-70 backlog of deteriorated dwellings during the succeeding 20 years.

Mr. President, I am no detractor of private enterprise. I believe that private enterprise has made this country great. But I am also convinced that it is the duty of a democratic government to come to the relief of those who cannot get the necessities of life without such relief.

Health, food, clothing, and shelter are such necessities. The necessity for shelter is not met by slums and broken-down shacks.

If our experience had indicated that anything short of public housing could meet the needs of low-income groups, I would be the first to advocate such an alternative. But no amount of planning, loaning, insuring, or other forms of aid to private construction can achieve decent housing for the groups now eligible for public-housing benefits.

Those who oppose public housing often fail to point out that in major respects it is not Federal housing at all. The States and localities plan, float loans for, operate, and own our so-called public housing. The Federal Government helps finance the original cost, but the Federal grant is repaid as far as possible by project income.

Thus far, I have referred to the housing needs of our low-income persons and families. But there are considerations of even greater import than the mere sheltering of these millions of our people.

Foremost among these reasons are the social effects of slum conditions—of overcrowded, unsanitary, unsightly, blighted urban areas. These effects are immeasurable. But we know that crime, juvenile delinquency, broken homes, and broken lives are the daily harvest we reap from our slums.

I wish all my colleagues could see at first hand what inadequate housing means. Those who have not been subjected to these experiences cannot understand them. For the last 55 years I have had that experience in the great city of New York. The crowding, the dirt, the heat, the noise, and all the other factors destructive of an individual's self-respect are created and nurtured in our slums.

And one of the greatest tragedies is that these conditions have their greatest impact on our children and on our aged people. The impact on children is obvious. Less obvious but even more dramatic is the effect of poor housing on our aged people who have passed their productive years when they contributed to the great growth of this Nation. They are among those hardest hit by our 10 million substandard housing units. They are among those least able to pay the price of adequate housing.

In 1949 Congress authorized a 6-year public-housing program for the construction of 810,000 units. That bill was sponsored by our own colleague, the Senator from Louisiana [Mr. ELLENDER], the late Senator Robert F. Wagner, and the late Senator Robert A. Taft. All those men were consistent, constant supporters of public housing. I wish to give myself the pleasure of saying that I know the great contribution which the Senator from Louisiana made to the housing program of this country over a period of 7 years. I have always been deeply grateful to him, as I am today.

That program, adopted in 1949, provided for an average of 135,000 units every year. That is less than the late Senator Robert Taft urged, with his formula of one-tenth of total construction. Under the Taft formula we should today be building 140,000 public units a year.

In the face of the demonstrated need for such a public-housing program, the administration proposes to continue the restrictive 1954 Housing Act provisions. These authorize 35,000 units per year for 2 years and tie up this meager dole with restrictions the effect of which has been to kill the program entirely. Last year when these restrictions were put into the act I said I could not vote for a phony public-housing program. I stated that the authorization of 35,000 units, together with the set of restrictions voted into the 1954 act, made the public-housing program into a cruel joke.

I would go further today than I did a year ago. I have checked with the Public Housing Administration, and as of yesterday the number of units put under contract under last year's authorization—which authorization is due to expire this month—is a grand total of 585 units. Can anyone claim that with 10 million occupied substandard housing units and a growing deterioration rate, a

public-housing program for low-income earners of 585 units a year is worthy of the name "public-housing program"?

The administration's recommendations do nothing more than fiddle with the fringes of last year's act. They would leave at 35,000 the maximum authorized units per year.

Mayor Clark, of Philadelphia, testified during the hearings:

We have 70,000 substandard units in Philadelphia alone, which we would like to replace with public housing, and yet there are only 35,000 units a year for the entire country.

I say to the administration that their public-housing proposals are a fraud. Thirty-five thousand units are not even the skeleton of an adequate public-housing program.

At the conclusion of the housing subcommittee hearings, it was perfectly clear from the testimony that nothing less than 135,000 units a year—the figure voted in the 1949 act, would begin to meet our public-housing needs. I, therefore, introduced on May 23 of this year a bill which would establish 135,000 units as a maximum annual limit for our public housing. The committee has adopted this figure in the bill before us today. They have returned to the 1949 act to revive the authorized units under that act which have never been put under contract. It is my understanding from the Public Housing Authority that about 400,000 units could be built under that act, within the \$336 million limit on total annual contributions for housing under the 1949 act.

The pending bill, the committee bill, also makes provision for including elderly single persons, heretofore excluded, and elderly couples, in our public-housing program.

No one could claim that the 10,000 units per year authorized for this purpose is sufficient to meet the tremendous need among our elderly single and married persons for adequate housing within their means. But this is a new approach in public housing not heretofore attempted, and it would be well to see how the program works before putting it on the large scale that would be commensurate with the demand for this type of public housing.

The committee bill removes the restrictions on public housing that hamstrung the 1954 program because of unworkable ties with slum clearance and urban redevelopment. These ties have prevented the initiation of even the minimal 35,000 units authorized. As I stated on the floor at the time I introduced my bill, if we are to have public housing it must be on its own merits, not as a stepchild of urban redevelopment.

For example, in some areas public housing meets the total redevelopment need. Also, many deserving persons need public housing though they have not been displaced by a slum clearance or redevelopment project.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. ELLENDER. Mr. President, I yield 5 additional minutes to the Senator from New York.

Mr. LEHMAN. Testimony of a number of witnesses before us indicates that tying the public-housing program to slum clearance has resulted in a vicious circle wherein communities cannot clear slums until they get public housing but they cannot get public housing approval until they have a going, workable slum clearance project.

The intolerable situation must be ended and the committee bill will end it by putting the public-housing program back on its own merits.

This bill, as reported, is a fairly good bill. It makes many changes and additions to our present housing laws which will improve the housing picture. Improved housing programs for the military, for our colleges, for rural communities and other groups and areas are included. But I am impressed with the fact that the group which most needs Federal aid—the low-income group—has consistently had the least real support from the Federal Government. These are the people who must come first because if we do not help them to get decent housing they can turn nowhere else for it.

Decent housing is not a privilege. It is the right of every citizen of the United States. The committee bill, in its public housing provisions, would move in the direction of implementing that right. I strongly urge every one of my colleagues to vote for the bill as it was reported.

Mr. President, we hear a great deal about the housing which has been provided by the Federal Housing Administration. It is almost exclusively housing for the middle-income group or the wealthy. In Washington there is a very beautiful apartment house called the Woodner. It is a fine apartment house. I am not critical of either the Federal Housing Administration or the owners of the apartment house. But that is the type of housing for a man of large means; and no one but a person of large means could afford to live there.

That type of housing will not help the little fellow with a small income, who needs decent housing. That is the man I wish to protect. I believe that is the man whom most of my colleagues in the Senate wish to protect.

I strongly urge that the amendment of the Senator from Indiana be defeated.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield.

Mr. LANGER. I wish to compliment the distinguished Senator from New York for the very fine speech he has made. His record shows that time and time again, when even though the interests of his own State were not involved, he voted in favor of projects for the great Northwest, such as reclamation projects, reforestation projects, and other projects accruing to the advantage of that area. I want to assure him that he can count on the Northwest to help him in bringing about needed changes in the housing conditions in New York City and in other large cities of the country.

Mr. LEHMAN. I wish to express my deep appreciation to the Senator from North Dakota. I am very grateful to him.

Mr. ELLENDER. Mr. President, I yield 10 minutes to the distinguished Senator from Illinois.

Mr. DOUGLAS. Mr. President, it might be well to review a little history on the question of public housing. In 1949, as it has been stated, the Senate approved a bill which called for the construction of 810,000 units over the course of 6 years, or an average of 135,000 units a year, with a sliding scale, which the Senator from Vermont added, to speed up construction in periods of economic depression and to slow down construction in periods of high construction activities.

The bill was in large part a bipartisan bill. On the Democratic side we were led by our dear friend, the late Senator Maybank, of South Carolina, by the Senator from Louisiana [Mr. ELLENDER], and by the Senator from Alabama [Mr. SPARKMAN]. All three Senators were invaluable in working for the passage of the bill.

On the Republican side, the late Senator Taft threw his full strength behind the measure. He was assisted by many other Republicans, including the very able and distinguished junior Senator from Vermont [Mr. FLANDERS].

Under that act, with all the difficulties it experienced, and about which I shall speak in a moment, approximately 250,000 units have been constructed, leaving 560,000 units, which we thought in 1949 should have been constructed, unbuilt and unconstructed.

The Senator from Indiana [Mr. CAPEHART] has made a great point of the fact that since we have built housing at the rate of only about 50,000 units a year, we should not authorize more than 35,000 units in the years immediately ahead.

Let us see what is behind the failure to live up to the program of an average of 135,000 units a year and why, instead, we have built at a much lower rate.

In the first place, cities were late in submitting their plans in 1949, because a great deal of paper work was required. Just as they were getting their plans ready for submission, the Korean war broke out in 1950. As a result of the need to turn out munitions and other war supplies, the President—and he was a Democratic President—asked that the program be reduced to 75,000 units a year.

Even that program ran into trouble, not so much in the Senate, but in the Committee on Appropriations of the House. I must say that there were some on the Democratic side of the House Committee on Appropriations who did their best to whittle down the program. But most of the opposition came from the other political party.

However, in 1953 the forces in the House opposed to this program became especially strong, in large part due to the election of 1952, and, as a result, the funds were greatly curtailed. Last year, as the Senator from New York [Mr. LEHMAN] has pointed out, further restrictions were imposed on the construction of public housing, which virtually has made it impossible to construct any public housing at all.

As the Senator from New York has pointed out, only 540 units have been authorized under the 1954-55 program. In other words, this program has always been treated as a stepchild, and by successive steps we have eroded and cut into the original design of Congress in 1949.

Now the Senator from Indiana is asking us to compound the sin by reducing construction in future years to the low level accomplishments of the past years.

Why is it that we need this housing? We need it primarily in the cities, although the bill also provides for the elimination of rural slums. The cities of this country are in a very serious situation. Anyone who walks into any city of any size in this country, away from the central business district into the surrounding residential area, will find in nearly every case a slum—streets without trees, houses that are many years old and in disrepair, and children growing up under circumstances that are very difficult.

These slums are constantly growing and constantly increasing. In my own city of Chicago, for instance, we have many square miles of what can only be described as slum area. This slum area, like a cancer, is eating through the community at quite a rapid rate. Other cities are in an equally bad situation.

Moreover, the cities suffer from the fact that the people who are moving into the suburbs are not only people in the upper-middle class, but in some cases in the middle-middle class, and in some cases even in the lower-middle class. Thus cities are being left with low income families and reduced revenue capacity. They are the low income families who do not have the means to take advantage of the other housing facilities which are offered under FHA.

I have always voted to support FHA. It has done a splendid work, and it has now become the backbone of the building industry in this country. However, FHA is building homes for the middle and upper-middle classes. It does not get down to the low income groups of under \$2,500 a year and under \$3,000 or under \$3,500 annual incomes. Those are the people who are really suffering. In particular, it is the children who are suffering.

Six years ago, in what I believe was almost my maiden speech in the Senate, I assembled evidence to show what slums did to human beings. I showed, for instance, that the death rate in the slums was very much above the average of the community; that the sickness rate, particularly from tuberculosis and other diseases, was very much greater than the average for the whole community. I showed that the fire rate was high, that the crime rate was high, and that the juvenile delinquency rate was high. After all, juvenile delinquency is just a fancy name for kids getting into trouble.

What happens does not happen because people who live in the slums are bad people. That is not it at all. It is because the conditions of life are such as to make it very difficult for families to live happily and to have their kids develop properly.

In the city of Chicago, for instance, in the region which has been a slum area for almost 70 years, one nationality after another has lived in the slums. Successively, each has had a high juvenile-delinquency rate and a high crime rate. Then as each nationality group has prospered and moved into the suburbs or other residential areas, the result has been that the same children who got into trouble in the slums did not get into trouble, but developed extremely well underneath the maples.

Another nationality would come into the slums and go through exactly the same experience. As it prospered, it moved out. It went through the same experience. In that way at least five sets of nationalities have moved into the west and southwest and northwest sides of Chicago. The conclusion is that in the slums conditions are such as to make it extremely difficult for kids to grow up and live happy, harmonious, and decent lives.

I think it is extraordinary that the families in those regions do as well as they do, with all the obstacles against them, and with all the difficulties against them. They make, in a very large proportion of cases, a splendid record.

The most-decorated soldier of World War II, Audie Murphy, grew up in the slums of Pittsburgh, one of the worst slums in the country. From a material standpoint, he did not owe this country anything, but this country owed him a great deal.

The PRESIDING OFFICER (Mr. SCOTT in the chair). The time of the Senator from Illinois has expired.

Mr. ELLENDER. Mr. President, I yield 3 more minutes to the Senator from Illinois.

Mr. DOUGLAS. All credit to men like that and all credit to families like that. Most children growing up under those conditions swim against the tide. The cities are in trouble. Their financial base is shrinking. The slums are expanding. We are in a worse condition than we were in 1949. We have lost ground. The cities need help. They are generally underrepresented in the State legislatures. They lack home rule. They need Federal assistance. The cities also tend to be underrepresented in the House and, in the main, in the Senate. The people for whom we are speaking on the floor of the Senate this afternoon are the low-income people. They are inarticulate. It is difficult for them to voice their needs. We provide aid and assistance to virtually every other group and generally most lavishly to those who need it far less. We provide assistance to private builders, real-estate groups, to airlines, to shipbuilders and operators—subsidies galore to those who do not need them, but none, or little, to those who most need assistance.

Mr. President, this is the noblest country on earth, but we have two great blots upon us: One is our treatment of the Negro and the other is the slums in our cities.

I did not serve on the European front in the last war, but I saw some of the photographs which the Germans dis-

tributed amongst our troops on the western front. They were photographs of slums in American cities. They were distributed amongst regiments and divisions which came from those same areas. Fortunately, the fighting capacity of our forces was not diminished.

The PRESIDING OFFICER. The time of the Senator from Illinois has again expired.

Mr. JOHNSON of Texas. Mr. President, I yield 2 more minutes to the Senator from Illinois.

Mr. DOUGLAS. Mr. President, we all want a nobler country, a better country. One of the things we must do is to cut out the cancer of the slums and to provide decent housing which will mean better family life, happier children, and better communities.

So I hope, Mr. President, that the Senate will reject the amendment of the Senator from Indiana and return to the bipartisan program of the Senator from Louisiana [Mr. ELLENDER], the late Senators Maybank and Taft, and the Senator from Vermont [Mr. FLANDERS].

Mr. SALTONSTALL. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. SALTONSTALL. The Senator will recall that he and I had a little colloquy with reference to housing.

Mr. DOUGLAS. That is correct.

Mr. SALTONSTALL. I stated that certain figures applied were to the calendar year 1953. I should like to correct that and say that what figures I gave applied to the calendar year 1952 or were for the fiscal year 1953.

Mr. DOUGLAS. I am very glad to hear the Senator say that. I wish to pay tribute to the Senator by saying that in the Appropriations Committee he resisted severe restrictions. But conditions became worse in the calendar year 1953. Bad as they were in 1952, they became worse in 1953.

Mr. SALTONSTALL. That was not due to Senate action.

Mr. DOUGLAS. It was not due to Senate action, and it was not due to the Senator from Massachusetts.

Mr. President, I yield the floor.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Vermont [Mr. FLANDERS] 5 minutes.

Mr. FLANDERS. Mr. President, I should like, first, to invite attention to the fact that the figures mentioned are maximum figures. The 135,000-unit figure is the maximum, but if, under the terms of the act of 1949 and of the amendment which was accepted an hour or two ago, in times of depression 135,000 units are added to the 65,000 units, making 200,000 units, that is a maximum figure. If, on the other hand, times are booming and it is difficult to get materials and workers, and the 135,000 units are decreased by 85,000, then we have left a maximum of 50,000.

Remembering that these are maximum figures, I would invite attention to the fact that it is within the control of the President of the United States to keep within the maximum, and that he is able to do exactly what the Senator from Indiana says he desires to do in the way of limiting the number of public

housing units. In the pending bill there is no compulsion on him to do more than he asked to be given authority to do in his message to the Congress.

The next thing to which I wish to invite attention is the very great desirability of furnishing a flexible means of counteracting conditions in periods of boom and periods of depression. We talk a great deal about counteracting conditions incident to booms and to depressions, but we do almost nothing about it. In this bill, for the first time, there is built into it a countervailing means for mitigating depressions and for controlling booms.

Mr. President, in conclusion, I wish to say that one of the highest points of my life was my working with and under the late Senator Taft in drawing up the act of 1949, in the Banking and Currency Committee, and in assisting him and supporting him on the floor of the Senate. I look back upon that time as one of the periods of my life of which I am proudest. I am again proud today to be able to support that measure and to carry forward for another period the remarkable and effective and public-spirited proposals which the late Senator Taft advanced in this body 6 years ago.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without the time taken thereby being charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

POSTAL FIELD SERVICE COMPENSATION ACT OF 1955

Mr. JOHNSON of Texas. Mr. President, the House has adopted certain amendments to the postal pay bill which passed the Senate on June 1. It is my understanding that the chairman and the ranking minority member of the Committee on Post Office and Civil Service wish to make a brief explanation of the amendments, in the hope that the Senate may concur in them and then send the bill to the White House.

Therefore, I ask unanimous consent that the chairman and the ranking minority member of the Committee on Post Office and Civil Service may have not to exceed 20 minutes, to be equally divided, for the purpose of explaining the amendments, without the time being charged to either side in the debate on the housing bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER (Mr. SCOTT in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 2061) to increase

the rates of basic compensation of officers and employees in the field service of the Post Office Department, which were, on page 13, line 17, after "Makes", insert: "occasional"; on page 15, line 22, strike out: "(11) Positions.—City or Special Carrier—Level 4" and insert: "(11) Position.—City or Special Carrier or Special-Delivery Messenger—Level 4"; on page 18, line 3, after "carriers" insert: "and special-delivery messengers"; on page 105, strike out lines 16 and 17, inclusive, and insert: "Special Delivery Equipment Maintenance Allowance", and on page 105, line 19, strike out "special-delivery carriers" and insert: "special-delivery carriers and special-delivery messengers."

Mr. JOHNSTON of South Carolina. Mr. President, S. 2061, the postal pay bill just returned by the House is substantially the same proposal as was approved by the Senate on June 1 by a vote of 78 to 0.

Two minor amendments were added by the House committee and subsequently accepted and approved in the House by an overwhelming vote of 407 to 1 just a few minutes ago.

They accepted without adjustment the Senate's pay schedules. Both changes relate to job descriptions.

One amendment makes a slight modification of the job description for mail handlers. It was the view of the House committee that the simple distribution of parcel post packages by mail handlers is an incidental or occasional duty, rather than a primary function. In the interest of expediting the legislation, I do not think the Senate should object to this amendment.

The second change adds certain language to the job title of city or special carrier.

In S. 2061, as passed by the Senate, key position No. 11 was titled "City or Special Carrier—Level 4." The bill as it comes back to the Senate changes this title to read, "City or Special Carrier or Special Delivery Messenger—Level 4."

It is my considered opinion that this change, unwittingly perhaps, results in redundancy. In consolidating the job titles for city delivery and special delivery carriers, the Senate committee was simply accommodating the administration's request for "equal pay for equal work."

Congress was assured by the Post Office Department that the duties of city carriers and special carriers were practically identical. As a matter of fact, the printed hearings quote Assistant Postmaster General Eugene J. Lyons as stating:

You will note that this does result in a sizable adjustment for special-delivery messengers, who currently are paid below both clerks and carriers. The reason for that is that their duties—

Referring to special-delivery employees—

in delivering the mail are so identical with those of some carriers that we could find no difference in the work and no justification to maintain a differential.

With this explicit assurance from the Department, I can see no reason at all for

differentiating between the titles for city carriers and special carriers.

During the hearings on this legislation, testimony developed the fact that a considerable amount of mail for which the special-delivery fee is paid is delivered by city carriers, particularly those serving business routes.

The committee was also advised that 100 percent of the special-delivery mail in the New York City post office is delivered by the regular delivery carrier. In other words, there are no special-delivery messengers in the Manhattan post office. Apparently it has been determined that this particular service can be furnished more economically by the use of city carriers and regular substitute employees.

All this leads me to the conclusion that the Senate acted very wisely in writing into the bill a provision which gives Congress the right to review Mr. Summerfield's reclassification actions.

Mr. President, I shall not insist on the retention of the Senate language in S. 2061. To do so would only result in further delay. As it is, postal employees have been patiently waiting many months for the pay increase contained in the bill. They have witnessed two Presidential vetoes of bills Congress sent to the White House. I earnestly hope this bill in its present form will be approved by the Senate and signed by the President.

Mr. President, I move that the Senate concur in the amendments of the House.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LANGER. I desire to compliment the Senator from South Carolina for his promptness in getting the bill before the Senate and for the energetic way in which he has made certain that the Senate may have an early vote on the matter.

The bill may not be perfect so far as the clerks and messengers are concerned; nevertheless, it is the best bill, apparently, that can be had, in view of the two White House vetoes which Congress already has received.

I think the Senator from South Carolina has done a magnificent job as chairman of the committee, and I join with him in the hope that the bill may be passed unanimously.

Mr. JOHNSTON of South Carolina. I thank the Senator from North Dakota for his complimentary remarks. Throughout the consideration of the bill, we have benefited by his earnest efforts. At all times he was fighting for what he considered to be the best interests of the postal employees.

I thank the Senator for his remarks.

Mr. President, I shall not take any further time of the Senate, but shall answer any questions any Member may desire to ask.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from West Virginia.

Mr. NEELY. In view of the fact that the President's salary and allowances amount to \$190,000 a year, and that the

postal clerks and letter carriers, if the bill is enacted, will get \$3,660 a year, in other words, will be able in 51½ years to make as much as the President makes in 1 year, I inquire of the distinguished Senator from South Carolina if, in his opinion, the President will veto this bill, as he has vetoed two other pay bills recently passed by Congress?

Mr. JOHNSTON of South Carolina. I believe the President will sign the bill. From all reports I have received, I think the President will sign the bill.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Alabama.

Mr. SPARKMAN. I wonder if the distinguished chairman of the committee can tell us about how much difference there is between the pay which a postal employee will receive under this bill as contrasted to what he would have received if the bill which the President vetoed had been enacted into law.

Mr. JOHNSTON of South Carolina. I estimate the difference to be about 4 cents a day, on an average.

Mr. SPARKMAN. Four cents a day?

Mr. JOHNSTON of South Carolina. There is a difference of about three-tenths of 1 percent between the salaries provided for in this bill and the bill which the President vetoed.

Mr. SPARKMAN. If the only difference is three-tenths of 1 percent, does the Senator entertain the belief that this bill will clear the White House hurdle?

Mr. JOHNSTON of South Carolina. From all reports I have received, I think the President will sign the bill. I hope he will.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Vermont.

Mr. AIKEN. Is the Senator from South Carolina of the opinion that the bill which is now before the Senate puts the rural carriers on an equitable basis with other postal employees?

Mr. JOHNSTON of South Carolina. I think it does. I believe the Senator from Kansas [Mr. CARLSON] will agree that it does. The bill treats them much better than they have been treated heretofore.

Mr. CARLSON. Mr. President—
The PRESIDING OFFICER. The Senator from Kansas.

Mr. CARLSON. Mr. President, I yield myself 5 minutes.

Concurrence by the Senate in the amendments of the House will be the culmination of 2 years of work on the part of Congress in trying to secure a pay increase for the postal workers.

I wish to pay tribute to the chairman of the committee and the other members of the Committee on Post Office and Civil Service for their untiring efforts in working out a pay increase bill under sometimes rather trying and difficult conditions.

We also owe a debt of gratitude to the Post Office Department for the assistance they gave in furnishing information and suggesting pertinent and appropriate language.

Then, too, we owe a sincere debt of gratitude to the heads of the postal employees' organizations. They were very helpful. I say very frankly, that there were times of difficulty and confusion in the committee because of the differences of ideas, but the fruits and much of the progress of our democracy have developed from the clash of ideas in fair debate. The bill which is now before the Senate is the result of the cooperative efforts of various groups exercising their constitutional rights and privileges.

I hope the motion to concur in the House amendments, which have been discussed by the chairman of the committee, will be unanimously agreed to.

I called attention to the amendment dealing with the special delivery messengers, when it was before the Senate. I felt that a situation was created which should be clarified, and it has been clarified.

It has been mentioned that there is not much difference in the amount of money involved in this bill as compared with the bill which was vetoed. The fact is that there is a difference of but \$14 million. The President did not veto the previous bill because of the cost feature, but, as he stated very frankly, because there were serious inequities in it. Those inequities have been corrected, and from that standpoint I believe every Member of the Senate and the House who votes for the postal-pay bill will be in a better position with his constituents at home.

The action taken today will assure the classified employees that a pay increase will be accorded them at a very early date. The pay increase will be retroactive to March 1 of this year. That will mean that 1½ million Federal classified workers will receive a lump sum of \$125 million in retroactive pay on the 1st day of July. The 105,000 postal workers will receive retroactive pay on July 1 in a lump sum of \$40 million. I think the administration should be commended for their fairness and support of the retroactive clause, which will protect the employees against loss of pay during the legislative process.

The Senate has already passed a bill increasing the pay of classified employees, and it is now before the House of Representatives. I sincerely hope early action will be taken on the bill, in order that this group of Federal employees may get the benefit of a pay increase, which I believe they desire and to which I feel they are entitled.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. CASE of South Dakota. I was particularly interested in what the very able Senator from Kansas has said relative to the elimination of inequities and discriminations. It was my understanding that that was the basis of the President's veto of the earlier bill. At that time we had his assurance, or the understanding, that if that situation were clarified and the discriminations were eliminated, he would look with favor upon such a bill. That is why I voted to sustain the veto.

I wish to address a question to the Senator from Kansas. In his judgment, and based upon his experience in working on this kind of legislation over a period of years, is he satisfied that this bill will provide an equitable classification base for the postal service employees for some time to come?

Mr. CARLSON. It is my personal feeling that the classification base which has been written into the bill will work out satisfactorily. More than that, the members of the Committee on Post Office and Civil Service wrote into the bill a provision under which the committee will have an opportunity to check into the matter in case inequities develop in the reclassification procedures.

Mr. CASE of South Dakota. How will the matter come before the committee? The PRESIDING OFFICER. The time of the Senator from Kansas has expired.

Mr. CARLSON. Mr. President, I yield myself 2 additional minutes.

Mr. CASE of South Dakota. Will the matter come before the committee periodically or upon request?

Mr. CARLSON. Section 205 of the bill requires the Postmaster General to transmit to Congress on or before January 15, 1956, a comprehensive report of operations under the reclassification plan, and any other information which the Senate or House Post Office and Civil Service Committees request. Moreover, any postal worker who believes he is being discriminated against because of reclassification has a right to appeal through his Senator or Representative, and I assure the Senator every consideration will be given to him.

Mr. CASE of South Dakota. I wish to assure the Senator from Kansas and all the other members of the committee that they are entitled to our appreciation for working on the problem until there has been brought before the Senate a sound, equitable, and basic piece of postal pay legislation. I certainly shall follow their leadership in voting to concur in the House amendments.

Mr. CARLSON. Mr. President, I am prepared to yield back the remainder of my time, unless there is a request for further time.

Mr. JOHNSON of Texas. Mr. President, I yield 1 additional minute to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, as I see it, the bill with the two minor amendments adopted by the House and sent to the Senate is an excellent one. I do not believe it is necessary to explain the bill any further. I wish to expedite it and have it voted on as quickly as possible.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Carolina [Mr. JOHNSTON] that the Senate concur in the amendments of the House.

The motion was agreed to.

AMENDMENT OF SERVICEMEN'S RE-ADJUSTMENT ACT, RELATING TO AUTHORITY FOR CERTAIN LOANS

Mr. JOHNSON of Texas. Mr. President, I ask the Chair to lay before the

Senate the amendment of the House to Senate bill 654 in order that the distinguished Senator from Alabama [Mr. SPARKMAN] may move that the Senate concur in the House amendment with an amendment. I ask unanimous consent that the Senator from Alabama may have not to exceed 5 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 654) to amend the Servicemen's Readjustment Act of 1944 to extend the authority of the Administrator of Veterans' Affairs to make direct loans, and to authorize the Administrator to make additional types of direct loans thereunder, and for other purposes, which was, to strike out all after the enacting clause and insert:

That section 512 of the Servicemen's Readjustment Act of 1944 (38 U. S. C., sec. 6941) is hereby amended to read as follows:

"Sec. 512. (a) (1) Upon application by a veteran eligible for the benefits of this title, the Administrator is authorized and directed to make, or enter into a commitment to make, the veteran a loan for any of the following purposes:

"(A) To purchase or construct a dwelling to be owned and occupied by him as a home;

"(B) To purchase a farm on which there is a farm residence to be occupied by the veteran as his home;

"(C) To construct on land owned by the veteran a farm residence to be occupied by him as his home; or

"(D) To repair, alter, or improve a farm residence or other dwelling owned by the veteran and occupied by him as his home; if the Administrator finds that in the area in which the dwelling, farm, or farm residence is located or is to be constructed, private capital is not available for the financing of the purchase or construction of dwellings, the purchase of farms with farm residences, or the construction, repair, alteration, or improvement of farm residences or other dwellings, as the case may be, by veterans under this title. In case there is an indebtedness which is secured by a lien against land owned by the veteran, the proceeds of a loan made under this section for the construction of a dwelling or farm residence on such land may be expended also to liquidate such lien, but only if the reasonable value of the land is equal to or in excess of the amount of the lien.

"(2) No loan shall be made under this section to a veteran unless he shows to the satisfaction of the Administrator—

"(A) that he is a satisfactory credit risk;

"(B) that the payments to be required under the proposed loan bear a proper relation to the veteran's present and anticipated income and expenses;

"(C) that he is unable to obtain from private lending sources in such area at an interest rate not in excess of the rate authorized for guaranteed home loans a loan for such purpose for which he is qualified under section 501 of this title; and

"(D) that he is unable to obtain a loan for such purpose from the Secretary of Agriculture under the Bankhead-Jones Farm Tenant Act, as amended, or under the Housing Act of 1949."

SEC. 2. (a) Subsection (b) of such section is hereby amended by striking out clauses (A) and (B) and inserting in lieu thereof the following:

"(A) the original principal amount of any such loan shall not exceed an amount which bears the same ratio to \$10,000 as the amount of guaranty to which the veteran is entitled

under section 501 at the time the loan is made bears to \$7,500;

"(B) the guaranty entitlement of the veteran shall be charged with an amount which bears the same ratio to \$7,500 as the amount of the loan bears to \$10,000."

(b) The amendments made by this section shall not apply with respect to loans or commitments made under such section 512 prior to the date of enactment of this section.

SEC. 3. Subsection (d) of such section is hereby amended by striking out "section 501 (b)" and inserting in lieu thereof "section 501."

SEC. 4. (a) Subsection (e) of such section is hereby amended to read as follows:

"(e) Loans made under this section shall be repaid in monthly installments; except that in the case of loans made for any of the purposes described in clause (B), (C), or (D) of paragraph (1) of subsection (a), the Administrator may provide that such loans shall be repaid in quarterly, semiannual, or annual installments."

(b) The amendment made by this section shall apply only with respect to direct loans held by the Administrator on the date of enactment of this act and direct loans made by the Administrator on or after such date.

SEC. 5. Such section is hereby further amended by adding at the end thereof the following:

"(f) No veteran may obtain loans under this section aggregating more than \$10,000."

SEC. 6. (a) Clause (C) of subsection (b) of such section is hereby amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1956."

(b) Subsection (a) of section 513 of such act is hereby amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1956."

(c) Subsection (c) of such section 513 is hereby amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1957."

(d) The first sentence of subsection (d) of such section 513 is hereby amended by striking out all beginning with "June 30, 1955" and inserting in lieu thereof "June 30, 1956, such additional sums (not in excess of \$150,000,000 in any one fiscal year) as the Administrator may request, except that the aggregate so advanced in any one quarter annual period shall not exceed the sum of \$50,000,000 less that amount which had been returned to the revolving fund during the preceding quarter annual period from the sale of loans pursuant to section 512 (d) of this title."

(e) The amendments made by this section shall take effect as of June 30, 1955.

Mr. KNOWLAND. Mr. President, are we going to have an explanation by the distinguished Senator from Alabama?

The PRESIDING OFFICER. The Senator from Alabama has 5 minutes.

Mr. SPARKMAN. Mr. President, the House of Representatives has passed Senate bill 654 with 3 changes, as follows:

First. The House added a formula whereby veterans who have used part but not all of their benefit under the loan-guaranty program of the VA can receive the benefit of the direct-loan program to the extent of the unused portion of the guaranty benefit. For example, if a veteran has used only one-half of his guaranty entitlement, he would be eligible for up to one-half of the direct-loan entitlement.

Second. S. 654, as passed by the Senate, provided up to \$200 million in additional direct-loan funds and the House changed this amount to \$150 million.

Third. S. 654, as passed by the Senate, extended the direct-loan program for 2

years and the House changed this to a 1-year extension.

Mr. President, I recommend that the Senate accept the House changes except for the 1-year extension. I propose to amend the House language in order to extend the program for 2 years. I am advised that this will be acceptable to the House. Consequently, I send to the desk an amendment to accomplish this purpose, and also a technical amendment, and ask that they be adopted.

The PRESIDING OFFICER. The amendments offered by the Senator from Alabama to the amendment of the House will be stated.

The legislative clerk read as follows: On page 4, line 19, strike out the date "June 30, 1956" and insert in lieu thereof the date "June 30, 1957"; on page 4, line 22, strike out the date "June 30, 1956" and insert in lieu thereof the date "June 30, 1957"; on page 4, line 25, strike out the date "June 30, 1957" and insert in lieu thereof the date "June 30, 1958"; on page 5, lines 3 and 4, strike out the date "June 30, 1956" and insert in lieu thereof the date "June 30, 1957"; and on page 1, line 2, after the word "That", insert "subsection (a) of."

Mr. SPARKMAN. The last amendment is a technical one suggested by the House committee staff. It is language inadvertently omitted by the staff when they prepared the engrossed bill.

I move that the Senate agree to these amendments to the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to.

HOUSING ACT OF 1955

The Senate resumed the consideration of the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. How much time remains to each side?

The PRESIDING OFFICER. The Senator from Indiana has 35 minutes remaining, and the Senator from Texas has 20 minutes remaining.

Mr. JOHNSON of Texas. Mr. President, I yield 15 minutes to the distinguished junior Senator from Alabama [Mr. SPARKMAN].

The PRESIDING OFFICER. The Senator from Alabama is recognized for 15 minutes.

Mr. SPARKMAN. Mr. President, I feel grateful to the committee as a whole, and also to the subcommittee, for the very excellent work done in the preparation of this bill. That statement applies to the provision now under attack, namely, the one relating to what I often

think of as being mis-called public housing. I think the committee did an excellent job when it sought to return to the 1949 act.

I believe that no measure ever received more careful consideration and more thorough study than did the Housing Act of 1949, and I refer particularly to the public housing section of that act.

I do not know where the idea of what we call public housing originated. I know that in 1935 and 1937 acts were passed which provided for a certain amount of so-called public housing; but we never had a program which went to the extent provided by the 1949 program, until that act became law.

By the way, Mr. President, it was in that act that Congress for the first time adopted a housing policy. Sometimes I think we lose sight of the policy Congress then adopted. I am sorry I do not have before me the full policy statement so that I could read it; but I recall that it held out the hope—even though it was recognized as probably being far in the future—that the time might come when every person in the United States would have a reasonable opportunity to live in a decent home, amid decent surroundings. All of that was the outgrowth of the study which was made in connection with this program.

Mr. President, I pay my respects to our very able and distinguished colleague, the senior Senator from Louisiana [Mr. ELLENDER]. He was one of the trio who spearheaded the fight which led to the adoption of the public housing program. That trio was composed of the senior Senator from Louisiana [Mr. ELLENDER], the late Senator Wagner, of New York; and the late and very able and distinguished Republican Senator from Ohio, Robert Taft.

I became a member of the Banking and Currency Committee in January of 1947; and in my first year of service in the Senate and on that committee I became a member of the housing subcommittee. I remember the testimony of the Senator from Louisiana and the testimony of the late Senator Taft, of Ohio. I remember how they related the various studies which had been made.

I shall always remember how the late Senator Taft, in estimating the number of new units required each year in order to keep the housing program going steadily and normally, reached an estimate that 10 percent of the total number of housing units ought to be in the form of public housing.

Many persons think of public housing as belonging to the Federal Government. The Federal Government does not own any of the so-called public housing. It is owned by the various cities of the country. It is financed by the cities. The bond issues are made by the cities, and not by the Federal Government.

The participation of the Federal Government is in the form of contracts with the individual cities. When I speak of the city, of course I mean the housing authority established by the city. The contract runs from the Federal Government to the local housing authority or to the city. The contract is to the effect that the Federal Government will under-

write the difference between the rent which the needy family living in the particular project is able to pay and the rent which the particular unit needs in order to be an economically operated unit. The maximum limitation fixed for the Federal Government's participation was 4½ percent of the total cost of the project. Figuring on the basis of 4½ percent each year, we know what the so-called maximum contribution may be expected to be. The maximum contribution in every year has been far beyond the amount actually used.

The amount used during the present fiscal year will be \$67,800,000. That is the Federal Government's participation in all the contracts which have been made to date for this particular fiscal year. I do not know what the maximum estimate made for this fiscal year was, but probably it was about \$110 million.

Public housing fills a very definite need. I believe its origin represented a recognition on the part of the people of the United States, the municipalities, and Members of Congress, that housing was a necessity of life, to as great an extent as medicine, clothing, and food. Cities have always had a certain degree of responsibility for the administration of relief to needy persons. Not so many years ago there was considerable agitation throughout the country in favor of establishing a fourth category under our social security law. That would have been the category of direct relief. I have often thought that perhaps public housing may have had a great effect in staving off the drive to have the Federal Government assume responsibility for taking part in direct relief.

The Capehart amendment proposes 35,000 units for each of the next 2 years.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. JOHNSON of Texas. Mr. President, I yield 5 additional minutes to the Senator from Alabama.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 5 additional minutes.

Mr. SPARKMAN. The Capehart amendment provides for 35,000 units a year. The mayor of Philadelphia, in testifying before our committee as a representative of the American Municipal Association, called attention to the fact that the city of Philadelphia alone needed 70,000 units in order to carry out the provisions of the law, that is, to provide a place for people who were pushed out of the slums, or out of houses which were removed because of parks, highways, and other improvements of various kinds.

Recently President Eisenhower stated that at the rate we are going in cleaning up the slum areas more than 200 years will be required to complete the task.

What are we to do with the people who have to move from the slums? I call attention to the fact that in the very bill we are debating today we have tried to step up the slum clearance program. Every time a slum building is torn down, there are families which must be housed. Where are they to move?

A program calling for 35,000 units a year is not realistic. If we are to have a public-housing program, it certainly ought to approach nearer to reality. I think the distinguished late Senator Taft was realistic when he estimated that 135,000 units a year were needed. That is exactly what is proposed in the bill.

Mr. JOHNSON of Texas. Mr. President, I am informed that the distinguished Senator from Connecticut [Mr. BUSH] has two amendments which he wishes to offer. He does not believe they are very controversial. He has discussed the amendments with the majority leader and with the distinguished chairman of the subcommittee. Therefore I ask unanimous consent that the Capehart amendment be temporarily laid aside, for the purpose of considering the two amendments to be offered by the Senator from Connecticut, and that, at the conclusion of consideration of the two amendments of the Senator from Connecticut, the Senate resume consideration of the Capehart amendment.

The PRESIDING OFFICER. Is there objection?

Mr. CAPEHART. Mr. President, for what reason is this request made?

Mr. JOHNSON of Texas. The Senator from Connecticut wishes to offer two amendments which he has cleared with the majority leader and with the distinguished chairman of the committee.

Mr. CAPEHART. He may have cleared the amendments, but we ought to vote on the pending amendment.

I know that the purpose of the request is so that the Senator from Minnesota [Mr. HUMPHREY] may reach the Chamber in time to vote on the other side.

Mr. JOHNSON of Texas. The Senator is well informed.

Mr. CAPEHART. I wish to get credit for going along.

Mr. JOHNSON of Texas. I appreciate the attitude of the Senator from Indiana.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I deny that the purpose of the Senator from Connecticut is to befriend the Senator from Minnesota [Mr. HUMPHREY].

Mr. BUSH. I thank the Senator from Texas very much.

Mr. JOHNSON of Texas. The Senator from Connecticut raised the question with us, and we attempted to accommodate him. What we expect from the other side of the aisle is not criticism—

Mr. CAPEHART. Mr. President—

Mr. JOHNSON of Texas. I do not yield.

We do not expect criticism when we accommodate the Senator from Connecticut. However, it is often difficult to get along with the Senator from Indiana.

Mr. CAPEHART. I merely wish to get credit for cooperating, so that the able Senator from Minnesota may reach the chamber in time to vote.

Mr. JOHNSON of Texas. The Senator from Indiana always wishes all the credit he can get—and he gets it.

Mr. BUSH. Mr. President—

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Has the Senator from Connecticut offered his amendment?

Mr. BUSH. I am about to offer it. My amendment is at the desk. It is labeled "Coast Guard." I offer the amendment, and, if there is no objection, I shall summarize the amendment, the purpose of which is to include in the bill an authorization for 10,000 units of Coast Guard housing, in the military section of the bill. Such a provision was included in the 1954 act. The Senator from Alabama has agreed to it, and so has the Senator from Indiana. It was an oversight that the provision was not included in the pending bill. I believe the Senator from Alabama will accept the amendment.

Mr. SPARKMAN. I have no objection, provided the Senator from Indiana has no objection.

Mr. CAPEHART. It was purely an oversight that the provision was not included in the bill. The Coast Guard should have been included. We intended that it should be.

Mr. BUSH. Mr. President, I ask that the reading of the amendment be dispensed with and that it be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. BUSH is as follows:

On page 40, line 9, strike out "and Air Force" and insert in lieu thereof "Air Force, and Coast Guard."

On page 41, line 11, strike out "\$1,350,000,-000" and insert in lieu thereof "\$1,485,000,-000."

On page 55, line 3, insert a comma after the word "month" and add the following: "Provided, That, in the case of the United States Coast Guard, total payments for all housing so acquired shall not exceed \$900,000 per month."

On page 59, line 3, insert "or the Coast Guard" after the words "Air Force."

On page 59, line 4, insert "or the Coast Guard" after the word "departments."

On page 59, line 20, insert "or the Coast Guard" after the word "departments."

On page 60, after line 6, insert a new section 408 as follows:

"SEC. 408. (a) Wherever the terms 'Secretary of Defense' or 'Secretary' or 'Secretary of the Army, Navy, or Air Force' appear in this title or in title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, they shall be deemed to mean the Secretary of the Treasury in the case of the application of the provisions of this title or of title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, for the benefit of the United States Coast Guard.

"(b) Wherever the term 'armed services' appears in this title it shall be deemed to include the United States Coast Guard."

The PRESIDING OFFICER. Do both Senators yield back the remainder of their time?

Mr. BUSH. I yield back the remainder of my time.

Mr. JOHNSON of Texas. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BUSH].

The amendment was agreed to.

Mr. BUSH. Mr. President, I send another amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. On page 14, immediately after line 8 it is proposed to insert the following as a new subsection (g) of section 108:

Notwithstanding the provisions of any other law, the Housing and Home Finance Administrator is authorized to sell and convey all right, title, and interest of the United States (including any off-site easements) at fair market value as determined by him, in and to war housing project CONN-6028, known as Welles Village, containing 199 Lanham Act housing dwelling units on approximately 34½ acres of land in Glastonbury, Conn., to the housing authority of the town of Glastonbury, Conn., subject to the approval of the legislative body of the town of Glastonbury, for use in providing moderate rental housing. Any sale pursuant to this section shall be on such terms and conditions as the Administrator shall determine: *Provided*, That full payment to the United States shall be required within a period of not to exceed 30 years with interest on the unpaid balance at not to exceed 5 percent per annum: *Provided further*, That the provisions of this subsection shall be effective only during the period ending 12 months after the date of approval of this act.

Mr. BUSH. Mr. President, the amendment is similar to an amendment which was added to the Housing Act of 1954 with respect to the town of Wethersfield, Conn. The amendment would give the Administrator the power to sell the 199 dwelling units in Welles Village to the town of Glastonbury Housing Authority, subject to the approval of the legislative body of that town; and provided further, that it is done within a period of 12 months. The amendment, in substance, is similar to Senate bill 200.

I ask unanimous consent that a letter from the Administrator of the Housing and Home Finance Agency in regard to the bill be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HOUSING AND HOME FINANCE AGENCY,
Washington, D. C., June 6, 1955.

HON. PRESCOTT BUSH,
United States Senate,
Washington, D. C.

DEAR SENATOR BUSH: You have asked for my further suggestions in the light of comments from your constituents in Glastonbury on my letter to Senator FULBRIGHT, dated April 19, which commented on S. 200, which would authorize the sale of war housing project CONN-6028 to the Glastonbury Housing Authority for use in providing moderate rental housing.

We had suggested in that letter that a proviso be added that, at the time of sale, the Housing Authority of the Town of Glastonbury be authorized to acquire the project and to operate it for moderate rental housing. We also suggested that a cutoff date

of 6 months be established so that we would be free to dispose of the project under the usual procedures after a measurable period of time. Your constituents object to the first suggestion because it might raise a question of statutory interpretation as to the existing State statutes and possible amendments thereto in relation to S. 200. They object to the time limit as not sufficient to permit consultation with all the local governmental agencies of Glastonbury involved, and because it will take considerable time for the Federal Government to get its appraisal and start negotiations.

As to the first objection, it is recognized that if the housing authority is not authorized under the laws of the State of Connecticut to purchase the project at the time of sale, no contract could be entered into between this Agency and the housing authority for conveyance of the project. It is, of course, not essential that this proviso relating to legal authorization to purchase be included in the bill. It was suggested only because of the introduction of legislation in the Connecticut Legislature which, if enacted, would prohibit this purchase by the housing authority. We would have no objection to not including our suggested proviso.

As to the objection to a definite time limit, we are still convinced that some specific limit should be inserted in the bill, otherwise the Government will be left waiting indefinitely without power to dispose of the project by the usual means. It seems to us that a period of 6 months should allow sufficient time to complete the details of any sale and allow for local determination, particularly since the legislation is being proposed and sponsored by the locality and not an administration measure. The request for additional time and the seeming lack of definite plans for the financing of this project, coupled with the apparent objection from some local interests, is called to your attention because of the strict limitations budgetwise which have been placed on us in our appropriation and the urgent need which we have to dispose of our properties expeditiously in order to live within these limitations. We know that you will be appreciative of this problem of ours and will look fully into the possibilities of whether this legislation will unduly delay our disposition program. We can assure you that the Federal Government will have its appraisal and will be ready to negotiate within a few months after the bill is approved, and the local consultations do not have to wait for the appraisal and negotiations.

Your correspondence includes a statement by the Board of Selectmen of Glastonbury that all local groups involved in this matter have agreed that the following language be inserted after the phrase "Housing Authority of the Town of Glastonbury, Conn.":

"Subject to the approval of the Glastonbury town meeting, or the legislative body succeeding to the powers of the town meeting under a change in the form of government, and to such conditions and directives as to resale as may be imposed by said town meeting or legislative body."

This proposal gives us grave concern. We have no authority for policing a project after a sale has been consummated. The enactment of the language proposed by the local groups would charge this Agency with having to assure that any resale of the project is made in accordance with the conditions and directives of the local governing body. It is believed that this proposed amendment is one which should properly be for consideration by the State legislature and not by the Congress. There would be no objection, however, to the inclusion of a provision in the pending measure which would require approval of the sale by the local governing body. The local governing body could condition its approval in any manner it deems appropriate, if the conditions imposed would

not place on the Federal Government any responsibility for their enforcement or would not adversely affect the interests of the Federal Government.

Sincerely yours,

AL COLE,
Administrator.

Mr. BUSH. Mr. President, I am prepared to yield back the remainder of my time.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. ELLENDER. Does the Senator know what the project in its entirety cost?

Mr. BUSH. I do not have the figure in mind at the present time.

Mr. ELLENDER. Does the Senator have any idea how much, percentage-wise, of the entire cost the Government will obtain?

Mr. BUSH. I have no idea what the Administrator will get for it.

Mr. ELLENDER. Have any firm offers been made?

Mr. BUSH. The price will be subject to negotiation between the Administrator and the town of Glastonbury. The property must be sold at fair market value. I have no information concerning what price may be obtained for it.

Mr. ELLENDER. Are the units to be sold separately?

Mr. BUSH. No; they would be sold en bloc to the town housing authority.

Mr. ELLENDER. In other words, the mortgagor, that is, the one responsible for the debt, regardless of what the debt might be, would be the municipality.

Mr. BUSH. The Senator is correct.

Mr. ELLENDER. Or the municipal housing authority created for the purpose of purchasing the housing.

Mr. BUSH. The Senator is correct. It would be the housing authority of the town.

Mr. SPARKMAN. Mr. President, may I ask the Senator a few questions?

Mr. BUSH. I yield.

Mr. SPARKMAN. The Senator from Connecticut discussed the proposal with me and told me he had received the letter which has been printed in the RECORD. This is the first time I have seen the letter. In order that it may be a matter of record and so as to develop the situation in the RECORD, I should like to ask a few questions. Is there involved any question of veterans preference or priorities of any kind? I have not had time to read the letter in full. That subject may be discussed in the letter.

Mr. BUSH. I believe it is the intention of the housing authority to use these houses to supply the shortage of moderate rental housing in that area. I do not believe there is anything in the transaction which would give veterans a preference, but I believe the housing authority would do so.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. CAPEHART. I discussed the subject with the Senator from Connecticut. I thought we should agree to take the amendment to conference. The details can always be worked out in conference. There is no question about the principle involved, because the Government wants

to sell these houses. Certainly it wants to dispose of them. Of course, the sale should follow the usual procedure, by having them first offered to veterans, and so forth.

Mr. SPARKMAN. Mr. President, I should like to say to the able Senator from Indiana that I agree with him completely that that is the attitude we have taken in committee. However, the Senator will recall that with respect to every other project we have had before us we have always held hearings and we have made a record. There is no record on this project. It may be well to have a few remarks on it in the RECORD.

Mr. CAPEHART. I agree.

Mr. SPARKMAN. It may be that I have not fully understood the nature of the amendment.

Mr. CAPEHART. It seems to me we should take the amendment to conference, with the understanding that if there is any detail we do not understand it may be discussed and straightened out.

Mr. SPARKMAN. Of course, if the House should adopt the same language, the conferees would have no right to go into the matter further.

Mr. CAPEHART. That is correct, but I understand the House is still holding hearings on the subject.

Mr. SPARKMAN. May I ask the Senator from Connecticut if I understand correctly that the houses involved are to be sold as a bloc, not individually?

Mr. BUSH. They are to be sold by the Government en bloc to the housing authority, if that action is approved by the legislative body of the town. Disposition of the units would then be the responsibility of the town, not the Federal Government.

Mr. SPARKMAN. It would not be a question, then, of demolition. In other words, they are still usable houses. Is that correct?

Mr. BUSH. The Senator is correct. I may say the town needs these properties for moderate rental housing. I visited the development. It is a very beautiful little development. It would be used for moderate rental housing.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. DOUGLAS. Does the Senator from Connecticut understand that the Housing and Home Finance Agency has written to the chairman of the Committee on Banking and Currency regarding this matter?

Mr. BUSH. I am sorry; I did not hear the Senator.

Mr. DOUGLAS. Does the Senator understand that the Housing and Home Finance Agency has made comment about this proposal in a letter written to the chairman of the Committee on Banking and Currency?

Mr. BUSH. I did not so understand. I received a letter from the administrator.

Mr. DOUGLAS. Would the Senator be willing to read it for the benefit of the Senate?

Mr. BUSH. I offered the letter for the RECORD.

Mr. DOUGLAS. I have not seen it. I wonder if it would be acceptable to have

the Senator from Connecticut read the letter, or have the chairman of the committee read it.

Mr. BUSH. I have no particular interest in reading the letter. I am sure the Senator understands the situation. If the Senator from Illinois wishes to read the letter, he may obtain it from the Senator from Arkansas [Mr. FULBRIGHT], who has it in his hand.

Mr. FULBRIGHT. I have the original letter addressed to the Senator from Connecticut. It is not a long letter. I shall be glad to read it.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the Senator from Arkansas be authorized to read the letter.

The PRESIDING OFFICER. Without objection, the Senator from Arkansas may proceed.

Mr. FULBRIGHT. The letter is dated June 6, 1955, and it is addressed to the Senator from Connecticut [Mr. BUSH]. It reads as follows:

HOUSING AND HOME FINANCE AGENCY,
Washington, D. C., June 6, 1955.
Hon. PRESCOTT BUSH,
United States Senate,
Washington, D. C.

DEAR SENATOR BUSH: You have asked for my further suggestions in the light of comments from your constituents in Glastonbury on my letter to Senator FULBRIGHT, dated April 19, which commented on S. 200, which would authorize the sale of war housing project CONN-6028 to the Glastonbury Housing Authority for use in providing moderate rental housing.

We had suggested in that letter that a proviso be added that, at the time of sale, the Housing Authority of the Town of Glastonbury be authorized to acquire the project and to operate it for moderate rental housing. We also suggested that a cutoff date of 6 months be established so that we would be free to dispose of the project under the usual procedures after a measurable period of time. Your constituents object to the first suggestion because it might raise a question of statutory interpretation as to the existing State statutes and possible amendments thereto in relation to S. 200. They object to the time limit as not sufficient to permit consultation with all the local governmental agencies of Glastonbury involved, and because it will take considerable time for the Federal Government to get its appraisal and start negotiations.

As to the first objection, it is recognized that if the housing authority is not authorized under the laws of the State of Connecticut to purchase the project at the time of sale, no contract could be entered into between this Agency and the housing authority for conveyance of the project. It is, of course, not essential that this proviso relating to legal authorization to purchase be included in the bill. It was suggested only because of the introduction of legislation in the Connecticut Legislature which, if enacted, would prohibit this purchase by the housing authority. We would have no objection to not including our suggested proviso.

As to the objection to a definite time limit, we are still convinced that some specific limit should be inserted in the bill, otherwise the Government will be left waiting indefinitely without power to dispose of the project by the usual means. It seems to us that a period of 6 months should allow sufficient time to complete the details of any sale and allow for local determination, particularly since the legislation is being proposed and sponsored by the locality and is not an administration measure. The request for addi-

tional time and the seeming lack of definite plans for the financing of this project, coupled with the apparent objection from some local interests, is called to your attention because of the strict limitations budgetwise which have been placed on us in our appropriation and the urgent need which we have to dispose of our properties expeditiously in order to live within these limitations. We know that you will be appreciative of this problem of ours and will look fully into the possibilities of whether this legislation will unduly delay our disposition program. We can assure you that the Federal Government will have its appraisal and will be ready to negotiate within a few months after the bill is approved, and the local consultations do not have to wait for the appraisal and negotiations.

Your correspondence includes a statement by the Board of Selectmen of Glastonbury that all local groups involved in this matter have agreed that the following language be inserted after the phrase "Housing Authority of the Town of Glastonbury, Conn.":

"Subject to the approval of the Glastonbury town meeting, or the legislative body succeeding to the powers of the town meeting under a change in the form of government, and to such conditions and directives as to resale as may be imposed by said town meeting or legislative body."

This proposal gives us grave concern. We have no authority for policing a project after a sale has been consummated. The enactment of the language proposed by the local groups would charge this Agency with having to assure that any resale of the project is made in accordance with the conditions and directives of the local governing body. It is believed that this proposed amendment is one which should properly be for consideration by the State legislature and not by the Congress. There would be no objection, however, to the inclusion of a provision in the pending measure which would require approval of the sale by the local governing body. The local governing body could condition its approval in any manner it deems appropriate, if the conditions imposed would not place on the Federal Government any responsibility for their enforcement or would not adversely affect the interests of the Federal Government.

Sincerely yours,

AL COLE,
Administrator.

Mr. DOUGLAS. Mr. President, will the Senator from Connecticut yield to me for a question?

Mr. BUSH. I yield.

Mr. DOUGLAS. Will the Senator inform this body whether the objections raised by the Housing and Home Finance Agency in their letter of June 6 are met by the amendment of the Senator?

Mr. BUSH. They are met entirely, with the exception of the 6 months' period. We have made it 12 months instead of 6 months, so as to allow a little more time. Otherwise, the objections have been fully met.

Mr. DOUGLAS. Has the Housing Authority of Glastonbury been authorized under the laws of the State of Connecticut?

Mr. BUSH. Yes.

Mr. DOUGLAS. Has the proper enabling legislation been introduced in the Legislature of Connecticut?

Mr. BUSH. It is on the statute books. I cannot tell the Senator how grateful I am for his deep interest in our problem.

Mr. DOUGLAS. Has the consent of the local governing board of the town of Glastonbury been obtained?

Mr. BUSH. It would not have to be obtained until the amendment is agreed to. The Senator will wear that copy out. I wish he would send it to the desk.

Mr. DOUGLAS. Mr. Cole says that the proposal that the amendment be subject to the approval of the Glastonbury town meeting gives him grave concern.

Mr. BUSH. The Senator is mistaken. The thing which gave him concern is not in the amendment. He has no concern about it now, at all.

I greatly appreciate the Senator's assistance in bringing out the merits of the case.

Mr. President, I yield back the remainder of my time.

SEVERAL SENATORS. Vote! Vote!

Mr. SPARKMAN. Mr. President, so far as I am concerned, I am perfectly willing to take this amendment to conference. It seems to me that the Senator from Connecticut has made a very satisfactory showing of full compliance with the suggestions of the Housing Agency.

While it is always better to explore these matters in full hearings, when we have plenty of time to go into them in detail, I think what has been done on the floor of the Senate this afternoon is satisfactory, and I am perfectly willing to take the amendment to conference.

Mr. BUSH. I thank the Senator from Alabama.

The PRESIDING OFFICER. Does the Senator from Alabama, acting for the Senator from Texas, yield back his time?

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum, the time to be taken out of the time allotted to our side.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. How much time remains to each side on the amendment?

The PRESIDING OFFICER. The Senator from Connecticut has 51 minutes; the Senator from Texas has 49 minutes.

Mr. JOHNSON of Texas. How much time remains on the bill?

The PRESIDING OFFICER. The Senator from Texas has 36 minutes; the Senator from California has 52 minutes.

CHANGES IN THE ADMINISTRATION OF THE PANAMA CANAL COMPANY

Mr. JOHNSON of Texas. Mr. President, I yield the Senator from Washington 15 minutes on the amendment.

Mr. FLANDERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FLANDERS. Which amendment is before the Senate?

The PRESIDING OFFICER. The amendment offered by the Senator from Connecticut [Mr. BUSH].

Mr. MAGNUSON. I wish to say to the Senator from Vermont that I am not speaking on an amendment to the pending bill. I am speaking about a bill which I am about to introduce, on which I was going to consume some of the time of the Senate today. To be frank, I know of no better time to do it than now.

Mr. President, I am today introducing a bill which I think is long overdue, and which relates to a matter which has been the subject of a great deal of discussion in our committee for the past 12 and perhaps almost 15 years. It deals with the problem of the Panama Canal, its toll system, and its formula for Government operation.

Under Public Law 841, which was passed during the 81st Congress, 2d session, because of problems growing out of the operation of the canal, the entire operation of the Panama Canal Zone was reorganized, and corporate standards were introduced for the first time. During the hearings leading up to its passage, particular attention was given to the policies then followed by the management of the canal, policies which appeared to place upon the commercial tolls payer an inordinate burden of expenses not directly involved with the transiting of vessels.

In passing Public Law 841, Congress made a clear distinction between the civil government and the canal itself. The old Panama Canal Agency was split into the Panama Canal Company and the Canal Zone Government. The Company was made responsible for the operation of the canal, and certain business-type services, such as the steamship line, terminal, railroad, marine bunkering, hotels, shipyards, powerplants, water system, telephone, printing plants; and such employee services as commissary, clubhouses, and housing.

The civil government was given the responsibility of administering the courts, immigration, and contraband control, school, police, postal service, fire department, roads and streets, customs, public buildings, libraries, sewage, as well as an extensive health and sanitary system, including a mental hospital, quarantine station, and a leprosy colony.

It was believed the 1950 legislation had made clear the congressional intent to clarify and segregate the financial obligation of the toll payers from the financial obligations of the Government. But that intent has been misinterpreted or ignored in the annual accounting under the law. The tolls payer still is carrying more than his share of the load. Certain amendments to the Canal Zone Code have been prepared which it is hoped will so completely clarify Federal and commercial responsibility at the Panama Canal as to eliminate further administrative disregard of the intent of Public Law 841.

Stated briefly, the bill would do the following:

First. It would adopt the principle of the St. Lawrence seaway to the Pana-

ma Canal, under the general jurisdiction of the Secretary of Commerce.

Second. It would clarify procedures for setting tolls, permit judicial review of tolls decisions, and require frequent review of the toll rates. In addition, it would specify the extent to which tolls revenues, as compared with total company revenues, are to bear the net costs of civil government.

It is not the intent, nor should this bill be so construed, to indicate any denial of the rightful area for military jurisdiction at the Canal Zone. The proposed legislation does not disturb in any way, nor diminish, the extent of strategic control or tactical defense of the Canal Zone. It simply gives expression to the view that the transiting of vessels through the Panama Canal is a business-type function which properly resides in the hands of civilian-type management.

The proposed legislation does not depart from the present statute as regards tolls rates. Its passage would not automatically bring about a tolls reduction. It would, however, pledge to the tolls payer the equity in financial matters which Congress intended in passage of Public Law 841, and which has not been administratively accomplished to date.

Without exception, the proposals contained in the proposed legislation are consistent with recommendations made by the Comptroller General in his 1952, 1953, and 1954 Audit Reports of the Panama Canal.

The provisions of the bill are in accord likewise with the recommendations stemming from the study of the organization and operations of the Panama Canal enterprise, made by the Bureau of the Budget in 1950, at the direction of President Truman. Most of the Budget Bureau's recommendations were ultimately embodied in Public Law 841, 81st Congress, which this bill would supplement and clarify.

Following that 1950 study, the Bureau of the Budget advised the President that responsibility for supervision of the Panama Canal enterprise should be transferred from the Secretary of the Army to the Secretary of Commerce. However, while approving the other findings of the Budget Bureau study, President Truman withheld approval of this transfer pending further study of the proposal.

As disclosed by the Comptroller General's audit reports on the functioning of the canal operation since Public Law 841 went into effect in 1951, it would seem to be clearly evident that transfer of canal responsibility to the Secretary of Commerce is a must if the will of Congress, as expressed in Public Law 841, 81st Congress, is to be properly interpreted and implemented.

I sincerely hope Members will give full consideration to this bill, in the light of the facts I have cited.

Mr. ELLENDER. Mr. President, will the Senator yield for a question?

Mr. MAGNUSON. I yield.

Mr. ELLENDER. A few of us who serve on the subcommittee of the Committee on Appropriations which deals with funds for the operation of the Pan-

ama Canal have been attempting to secure the enactment of legislation which would make it possible to charge tolls which would be sufficient to amortize not only the cost of gates and other depreciable items used in connection with the canal, but also the actual construction of the canal channel itself. I am wondering if the Senator is covering that feature in the proposed legislation—that is, to provide the necessary machinery so that tolls can be increased sufficiently to pay for the entire cost of the canal.

Mr. MAGNUSON. I am familiar with what the Senate Appropriations Committee has been trying to do and with what the Senate Committee on Interstate and Foreign Commerce has been trying to do, and with what is sought to be done by means of Senate bill 841.

The shipping firms using the canal have no objection to paying their just share of the cost of the commercial operation of the canal. However, there are vast military obligations. In the past, an attempt has been made, under the old two-company system, to have the tolls established at such rates that the commercial users of the canal, whose ships come from the gulf coast and from the west coast, would begin to pay the cost of the defense and military operation of the canal, which is great.

All we suggest is that a division be made. Once that is done, and once the commercial operations can be determined by means of bookkeeping and audits, of course, the tolls charged should be consistent with the cost of the commercial operation of the canal. But no such division has been made.

For instance, a few weeks ago the Department of Defense proposed to purchase more land from the Government of Panama. Naturally, Panama wishes to be paid for the land. The land would be used solely for the purpose of enlarging our defenses of the canal. But it was proposed that the tolls and profits, if any, of the Panama Canal Company pay for the additional land, which will be used purely for defense functions.

The Panama Canal Company has been operating many services, which in large part are used by the military. We are trying to have a division made, so that the Government operations for the defense of the canal will be handled under one audit, and the commercial use of the canal will be handled under another audit. That would be done without regard to either raising or lowering the tolls.

Mr. ELLENDER. Mr. President, I suggest to the Senator from Washington that the tolls have not been changed since 1938. The only expenses actually paid out of the tolls are those incident to the operation of the canal and the depreciation of such items as the locks and the buildings and other facilities erected and used in connection with operation of the canal.

Mr. JOHNSON of Texas. Mr. President, I must leave the Chamber for a few minutes. I yield 10 additional minutes to the Senator from Washington.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The Senator

construction. The operation and maintenance costs are not at all comparable with those of the Panama Canal. Its tolls are quite high. It has been operating for a long time and it has been a very successful operation for the corporate stockholders. I understand that it will revert to the Egyptian Government after a certain period of years.

LEAVE OF ABSENCE

Mr. FULBRIGHT. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. FULBRIGHT. I ask unanimous consent to be absent from the session of the Senate tomorrow. I must attend a commencement exercise at Rutgers University, where I am to receive a degree with the junior Senator from New Jersey [Mr. CASE].

Mr. MAGNUSON. I wish to take another minute of my time to compliment the Senator from Arkansas. I do not know how many degrees he has already received. Does the Senator know?

Mr. FULBRIGHT. I do not know exactly at the moment.

Mr. MAGNUSON. The Senator can not count them all. However, he has become a very distinguished scholar. He is Professor and Dr. FULBRIGHT.

The PRESIDING OFFICER. Without objection, the leave is granted. The time of the Senator from Washington has expired.

HOUSING ACT OF 1955

The Senate resumed the consideration of the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

Mr. BYRD. Mr. President, I offer an amendment and ask that it be stated.

The PRESIDING OFFICER. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 55, after line 3, it is proposed to insert the following new subsection:

(d) The Secretary of Defense shall not acquire or operate any housing under authority of this section unless the Corps of Engineers, in the case of housing for Army or Air Force personnel, the Chief of the Bureau of Yards and Docks, in the case of housing for Navy or Marine personnel, or the Office of Engineering, United States Coast Guard, in the case of housing for Coast Guard personnel, has made a thorough inspection of such housing and certifies that it has been constructed in substantial conformity with the plans and specifications.

Mr. BYRD. Mr. President, this amendment to the pending housing bill (S. 2126) simply requires that before the Secretary of Defense takes over any of the new Wherry projects they shall be subject to inspection, and certification that they have been constructed "in substantial conformity with the plans and specifications, in conformity with accepted standards for that type housing, and at reasonable cost."

Under the amendment this inspection would be made by the Corps of Army Engineers in the case of new Wherry

housing for the Army Department and the Air Force Department. The inspection for new Wherry housing for the Navy and Marine Corps would be made by the Bureau of Yards and Docks.

There is only one reason for the amendment. It is to assure that the Government is getting what it is paying for.

The amendment has been submitted to the Senator from Indiana [Mr. CAPEHART] and to the Senator from Alabama [Mr. SPARKMAN].

Mr. CAPEHART. Mr. President, I believe the amendment strengthens the bill which I introduced, rather than the bill introduced by the former Senator from Nebraska [Mr. WHERRY]. I suggest that the amendment be taken to conference.

Mr. SPARKMAN. The only question I raise—and I raise it merely as a question—is whether the amendment, if adopted, would not bring about the same trouble we had with the Wherry housing. Not one project of Wherry housing has been started since the enactment of the Housing Act of 1954. That is not altogether due to the fact that there has been a great deal of red tape, but that certainly was one of the great hindrances, according to all reports. In other words, the more agencies that are brought into the picture, it seems to me, the more opportunity there is for delay and the greater discouragement there is for such project to get under way. Of course, the Secretary of Defense could utilize services of these referred to in the amendment whether or not he was required to do so by law. I say to the Senator from Indiana it seems to me the amendment may very well be taken to conference. In the meantime it might be well to check it with the other agencies that are concerned and to give further thought to it. It seems to me, as the Senator from Indiana suggests, it may make some contribution toward strengthening the program.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LANGER. Was the amendment presented to the committee?

Mr. SPARKMAN. No; this amendment was not considered by the committee. The Senator from Virginia [Mr. BYRD] has submitted it on the floor. It proposes to require the military to make more specific and more definite checking and certification of this aspect of the program. I had understood that the Senator from Indiana agreed to it with certain words stricken out.

Mr. CAPEHART. Those words have been stricken out.

Mr. SPARKMAN. They were not stricken in the mimeographed copy of the amendment.

Mr. CAPEHART. They were stricken in the amendment as reported to the Senate.

Mr. SPARKMAN. It seems to me that the words in the last line would make the amendment unworkable.

Mr. CAPEHART. Those words have been stricken. The amendment, as now worded, is a proper amendment.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. The reason the Senator from Alabama wishes to make inquiry of the various agencies is that the amendment was not submitted to the full committee. Is that correct?

Mr. SPARKMAN. Yes; we have not had an opportunity to make the study of it in committee we would ordinarily make of an amendment. We want to thresh the question out with all concerned and to obtain their opinions.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Virginia yield back the remainder of his time?

Mr. BYRD. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Virginia [Mr. BYRD].

The amendment was agreed to.

Mr. KUCHEL. Mr. President, on behalf of my colleague, the senior Senator from California, and myself, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. Does the Senator desire to have it read?

Mr. KUCHEL. No, Mr. President.

The PRESIDING OFFICER. The amendment offered by the Senators from California will be printed in the RECORD at this point.

The amendment offered by Mr. KUCHEL for himself and Mr. KNOWLAND is as follows:

On page 14, between lines 8 and 9, insert a new subsection, as follows:

"(g) The act entitled 'An act to expedite the provision of housing in connection with national defense, and for other purposes,' approved October 14, 1940, as amended, is hereby amended by amending the last paragraph of section 605 (a) to read as follows:

"'In any city in which, on March 1, 1953, there were more than 10,000 temporary housing units held by the United States of America, or in any two contiguous cities in one of which there were on such date more than 10,000 temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any or all lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veterans' housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will tend to expedite the orderly disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, and will tend to expedite the transition of the city from a war-affected community containing, as of said date, a large number of temporary houses to a community having additional permanent, well-planned, residential neighborhoods, (2) the local governing body of the city makes a like finding and requests the Administrator to acquire such title to the land, and (3) the city has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: *Provided*, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding 425 acres of

land in the general area in which approximately 1,500 units of temporary housing held by the United States of America were unoccupied on said date: *And provided further*, That funds for such acquisition by the Administrator, which are authorized, pursuant to subsection (c) of this section and title II of the Independent Offices Appropriation Act, 1955, to be expended from the revolving fund established by that title under the heading "Housing and Home Finance Agency Office of the Administrator, revolving fund," shall be taken into consideration, to the extent that they are needed, in making any determination pursuant to the second proviso under that heading. All or any part of any land so acquired by the Administrator may, during the 5-year period following the date of its acquisition, be sold by the Administrator, through negotiated sale, to such city or any local public agency where (1) the city or local public agency has represented to the Administrator that it is duly authorized under State law to purchase and resell such land, that such land will be made available to private enterprise for development in accordance with local zoning and other laws, and that the aggregate of such land and any other land in the same city previously sold under the authority of this paragraph to the city or a local public agency will be developed for predominantly residential use, and (2) the city or local public agency has agreed to pay the fair market value of the land as determined by the Administrator, after giving consideration, among other relevant information, to the cost to the Federal Government of acquiring the fee simple title and of holding the land pending sale (including estimated amounts to cover legal and overhead expenses of such acquisition and to cover interest costs to the Federal Government of moneys invested in the land pending sale). Any such negotiated sale of land to the city or a local public agency shall be made upon terms which require (1) that the city or public agency shall pay in cash at least one-third of the price of the land upon its conveyance and the entire price within 1 year after its conveyance and (2) that any portion of the entire price not paid upon such conveyance shall be represented by an indebtedness which shall bear interest on outstanding balances at a rate of 4 percent per annum and which shall be secured by a first mortgage lien upon the land or such portion of the land as the Administrator deems adequate to protect the financial interest of the Federal Government. The Administrator may, at any time that he deems it to be in the public interest to do so, dispose, under authority of other provisions of this act, of any land acquired by him pursuant to this paragraph. Any land acquired by the Administrator pursuant to this paragraph which has not been disposed of within 5 years after its acquisition shall be disposed of by him as expeditiously as possible in the public interest in accordance with other authority contained in this act."

Mr. CAPEHART. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. CAPEHART. Mr. President, we have been over the amendment, and I recommend to the able Senator from Alabama that the amendment be accepted and taken to conference. It involves the disposal of property to the city of Richmond, Calif., and allows them a little more time.

Mr. DOUGLAS. Mr. President, will the Senator from California consent to the reading of his amendment?

The PRESIDING OFFICER. It was ordered to be printed in the RECORD without being read.

Mr. KNOWLAND. Mr. President, if the Senator from Illinois wishes the amendment read, we certainly have no objection to its being read. My junior colleague wishes to make an explanation of the amendment.

Mr. KUCHEL. Mr. President, we offer this amendment in behalf of the city of Richmond, Calif.

In 1940 Richmond, Calif., had a population of 23,000. The south half of the city consisted largely of vacant lots. Titles to most of these lands were clouded with liens for taxes and old street bonds. Ownerships were largely scattered among nonresidents, many of whom were dead or unknown.

By 1944 Richmond's population had mushroomed to over 100,000. Employment in Richmond's federally owned shipyards had reached a peak enrollment of 96,000. Urgent need for immediate housing was obvious. Private developers were unable to solve the problem because of inability to assemble ownerships and marketable titles to the land. Accordingly, the Federal Government stepped in and condemned a leasehold interest in virtually all of these vacant lands. Federally-owned temporary war housing providing shelter for more than 72,000 persons was promptly constructed. Richmond became known as the "Federal city" which had been mobilized for the war effort.

By 1946 the shipyards ceased operating, but the housing shortage remained critical because of the demobilization of veterans. The temporary war housing in Richmond has been largely used since by servicemen and by workers in certified defense industries. In January 1954 the Federal Government decided that Richmond's temporary housing was no longer needed for defense purposes and that the land must be returned to its owners, cleared of such housing, not later than June 30, 1956.

This temporary housing occupied the only large area in the city available to rehouse the families to be displaced. There was no other significant land available within the city. The problem was rapidly to assemble titles to these lands so that such displaced families could be privately rehoused at reasonable rentals and sales prices. Assemblage of ownerships and marketable titles by private developers and under State law was still impracticable.

Accordingly, the 83d Congress enacted legislation which I introduced last year to meet the problem of Richmond and cities similarly situated. This legislation, section 805 of the Housing Act of 1954, amended Section 605 (a) of the Lanham Act by adding a new paragraph which authorized the Administrator of the Housing and Home Finance Agency to purchase or condemn a fee simple title to such lands as an incident to the orderly removal of the temporary war housing and to provide improved sites for private homes needed to replace the temporary housing.

A plan to develop a "pilot area" was developed and it became apparent that certain minor amendments to the law are required in order to carry out the intent of the 83d Congress.

This amendment would add a new section to the Housing Amendments of 1955 and would have the effect of revising the provisions enacted last year to expedite the disposal of temporary housing in Richmond, Calif.

Experience under last year's legislation shows that the revision is necessary in order to proceed with the maximum efficiency in carrying out the purpose of last year's enactment. Under the law as it would be revised by this amendment, the Housing Administrator could acquire a fee simple title in the numerous small parcels of land in which he now holds a leasehold interest if, and only if, the Administrator finds that such acquisition will tend to expedite the orderly disposal or removal of World War II temporary housing by facilitating the assembly of improved sites on which private enterprise can provide privately-owned housing needed to replace the temporary houses. The city would be required to make a similar finding and to request the acquisition by the Administrator.

The Administrator could, during a 5-year period following his acquisition of land under this provision, sell it at fair market value, to the city or its redevelopment agency. Such sales would require a downpayment of at least one-third of the price, and the balance would be payable in not over 1 year. Interest at 4 percent would be charged for any part of the price not paid at the time of conveyance.

It is contemplated that the city would purchase tracts of land as they find a private developer to whom the city can resell it. Such private developer would agree to build houses in accordance with local zoning laws. No sale would be made to the city or its redevelopment agency unless the aggregate of land sold was to be redeveloped primarily for residential use.

The Administrator could, during the 5-year period after he acquires any land under the provision, sell it either to the city, or, if negotiations for sale to the city do not make reasonable progress with respect to any particular parcel, under the authority of existing law.

Any land not sold by the Administrator 5 years after its acquisition by him, would be required to be disposed of as expeditiously as might be possible in accordance with other authority of existing laws.

The principal new feature of the amendment is that land could be acquired by the Federal Government in large parcels, and, therefore, more efficiently, before a private developer is found for each and every parcel to be acquired. The present law, in effect, requires the city to find a developer for each and every parcel before acquisition, because it must guarantee full payment before acquisition by the Federal Government. However, the 5-year limitation in the amendment provides a safeguard against the Federal Government being required to hold onto the land for a longer period. Thus, the amendment is designed in such a manner that the costs of acquisition to the Federal Gov-

ernment should in all likelihood be recouped upon resale.

I have discussed with both the junior Senator from Alabama and the senior Senator from Indiana the text and the intention of the amendment. The amendment is for a community which has been recognized by Congress as having been dealt with quite harshly by reason of a sudden influx of population during the years of World War II.

Our desire in offering the amendment is that it may be written into the bill, and be subjected to such hearings as may be deemed appropriate in the House of Representatives. On that basis, I very much hope that the Senate may accede to the suggestion which has been made.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. SPARKMAN. The distinguished Senator from California discussed the matter with me yesterday for the first time, I believe, and told me something of the background and history of the matter and of his work in trying to have the situation straightened out.

It seems to me it would be worthwhile to take the amendment to conference, but first let me ask the Senator a question. He may have included the answer in his statement, but I am not certain.

Is my understanding correct that the Senator from California has not yet been able to complete clearance with the officials of the housing agency, but that it is his intention to continue to work on that phase, in the hope that a solution can be arrived at?

Mr. KUCHEL. The Senator from Alabama is completely correct.

Mr. SPARKMAN. In the event such a solution can be reached, but it will require a change in the language, would the Senator from California be willing to have the change made either in the House or in conference, in the event it were possible to reach such an agreement?

Mr. KUCHEL. Yes, indeed.

Mr. SPARKMAN. I do not observe the senior Senator from Indiana [Mr. CAPEHART], the ranking member of the committee, in the Chamber, but he has already said to me privately, and he may have said so publicly before he left, although I am not certain, that he favored the amendment. Therefore, so far as I am concerned, I am perfectly willing to take the amendment to conference.

Mr. JOHNSON of Texas. I yield 15 minutes to the senior Senator from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. Mr. President, earlier in the afternoon I had the opportunity to speak about the way in which public housing would permit people living in slums to be decently housed, with the result that we certainly should expect a decrease in disease, sickness, death, juvenile delinquency, and crime.

In the concluding minutes of the general debate on the bill, I should like to dwell on a few points which ordinarily are raised, and to give in more detail the grounds for my earlier statements.

First, let me deal with an objection which is commonly made to public hous-

ing, and which is false. This common objection is that under the guise of need, families whose incomes are relatively high are being allowed to enter public housing projects, and that, therefore, the community is subsidizing persons who do not need and should not receive subsidies.

We are all aware that in the Federal act rather rigid limitations have been placed on the amount of income which any person or any family may have in order to be eligible for admission to or retention in a Federal housing project. But this does not, apparently, seem to stop the misrepresentation which goes on throughout the country. I have here some figures which should nail that misrepresentation once and for all.

First, a study of all families who were reexamined for eligibility during the first half of last year showed what is termed the median income, namely, the income midway in numbers between the lowest and the highest—that is, equal numbers above and below—of only a little more than \$2,100 for a family having 2 children, or a family of 4 persons. To be precise, the median or midpoint income was \$2,121.

About 10 percent of the families had annual incomes of less than \$1,000, or of less than \$20 a week.

Seventeen percent, or one-sixth, of the total had incomes between \$1,000 and \$1,500.

This meant that about 23 percent had incomes between \$1,500 and \$2,121.

On the upper limit, 5 percent of the families were found to have incomes in excess of those which were allowed for retention, and those families were expelled from the projects.

I may say that of the families which moved in during the same period, the average income was \$2,028, or less than \$40 per week. This indicates that the people who are using the projects are those whom we want to have use them and who need them, namely, those having children and having low incomes.

More than two-thirds of these families received no public assistance at all. They derived their income from their own efforts. To be precise, 68 percent of those in the public housing projects were not in receipt of any public assistance.

A little less than 19 percent, or 18.8 percent, to be precise, were in receipt of public assistance.

Thirteen percent were in receipt of what might be termed "social security, old age and survivors, and veterans' benefits."

So it may be seen that the group which gets the benefit from the public housing facilities are those who are hard up, who have children, and who would be compelled to live in very poor quarters if it were not for public housing.

One of the difficulties in making a case for such projects is the fact that the costs are obvious and seen. But the benefits, however real, are largely unseen.

I should like to speak a little about the proper accounting which should be used with respect to the public housing projects. The total contributions of the

Federal Government last year amounted to a little less than \$44,500,000. They seem to be running at a rate of something less than \$200 per family per year. Those are the obvious costs. I may say that those costs are appreciably less than the costs which were originally estimated. They were only about two-thirds of the original estimate.

So these projects are doing even better than it was believed they would do when the bill was passed in 1949.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield for a question.

Mr. LEHMAN. The Senator from Illinois mentioned the amount of the investment which the Federal Government has in low-cost housing. Is it not a fact that instead of its being an investment or a gift or a grant, it is really an advance, because it is fair to assume that in time even the very small amounts which have been advanced by the Federal Government will be returned to it?

Mr. DOUGLAS. We believe that. Of course, what the Federal Government does is to guarantee a return on the bonds which have been sold through private agencies. Then, from the rents there are deducted the operating expenditures, and then the amount of the rents, minus the operating expenditures, is applied to the fixed charges. I may say about half of the fixed charges are met by the receipts of the project in excess of the operating expenses, leaving the other half of the fixed charges to be met by Government subsidy, which, as I have said, amounts to perhaps a little less than \$200 a family a year, or two-thirds what it was originally thought the subsidy would amount to.

Mr. LEHMAN. Is it not a fact that in addition to what the pending bill provides, certain States and cities provide low-cost housing, and in those cases the cities and the States are advancing the difference between the operating costs and the rents?

Mr. DOUGLAS. I think that is conspicuously true of New York. I may say the State of New York has made greater progress in this respect than has any other State.

Mr. LEHMAN. Mr. President, will the Senator yield for a further question?

Mr. DOUGLAS. Yes, indeed.

Mr. LEHMAN. I had a great deal to do with the creation of some of these housing projects before I went into public life in 1929, because I was a member of a large investment banking firm which marketed a great many such bonds. Since then, of course, I have been in very close touch with the question, and have been very deeply interested and watchful over the housing situation.

My impression is, and the Senator from Illinois will please correct me if he does not agree with my personal recollection, that I do not know at this time of a single default occurring on any of these housing bonds.

Mr. DOUGLAS. I do not know of any, either.

Mr. President, we have been discussing the open costs of public housing, but the hidden economies have not been brought out. When slums are torn down, costs

are done away with which are real but which commonly are not considered. For example, some years ago a study showed that slums in blighted districts of the cities of the country comprised about 20 percent of the area of those cities, and contained about 33 percent of their population. But now listen to what happened to that 33 percent of the population. In that population occurred 45 percent of the major crimes, 55 percent of juvenile delinquency, 50 percent of all arrests, 60 percent of all those who had tuberculosis, and 50 percent of all those who were sick. In addition, 85 percent of all fires took place in those regions, and 45 percent of city service costs were used in those areas. Yet those areas, comprising one-fifth of the areas of the cities, and containing one-third of their population, only brought in 6 percent of the tax revenues.

In other words, these are areas with a low-income producing capacity, but with great expenses charged to the cities, openly, as well as having hidden costs in the way of weakened life, weakened vitality, poorer family life, and so on.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes; I am glad to yield.

Mr. LEHMAN. I am very much gratified that the Senator from Illinois has emphasized the relationship between juvenile delinquency and slums, and the effect that decent surroundings and adequate recreational facilities have in preventing juvenile delinquency. I am convinced of that fact as much as am convinced of anything else. I recall when I was a boy I was taken down to the lower East Side of New York. I was shown homes which were not even holes in the wall. There was one area called Lung Block, in which there were more cases of tuberculosis than existed in 5 or 10 other blocks in the city, or possibly in the country. That was due to the fact that 10, 15, or 20 persons were living together in 1 room, without proper ventilation, and without sanitary facilities. When that slum area was torn down, as it was 20 or 25 years ago, the whole situation changed. There now exists a decent, self-respecting community in that block.

Mr. DOUGLAS. The Senator from New York is quite right. While complete studies have not been made of governmental housing projects which are now in existence, studies made some years ago showed that the prevalence of juvenile delinquency was much less in public-housing projects than it had been among the same families or in the same areas before public housing was available; disease was much less prevalent, crime was much less, there were far fewer fires, not so many policemen were needed, and not so much money was distributed in relief.

It is well known that if cattle are given decent living quarters, added beef production results. If horses are treated decently, more work can be obtained from them.

I do not want to rest the case for public housing purely on such gross and material terms, because human life, after all,

should be the culmination of all values; but if one wants to argue in purely materialistic terms, it can be said that public housing will more than pay for the subsidy, in terms of reduced crime rates, reduced need for policemen, fewer fires, lesser hospital costs, and smaller doctors' bills.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to the Senator from Louisiana.

Mr. ELLENDER. May we also add—
The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. How much time is remaining on the Kuchel amendment?

The PRESIDING OFFICER (Mr. BIBLE in the chair). The Senator from California has 48 minutes remaining. The Senator from Texas has 45 minutes remaining.

Mr. JOHNSON of Texas. Mr. President, does the Senator from Illinois desire to have additional time at this point? If so, I yield 2 more minutes to him.

Mr. DOUGLAS. I thank the Senator from Texas.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 2 more minutes.

Mr. ELLENDER. Mr. President—

Mr. DOUGLAS. I yield to the Senator from Louisiana.

Mr. ELLENDER. Let me say I recall that some studies were made to demonstrate that a contented worker, namely, one living in a clean, decent home, rather than in a slum area, will more than make up to his employer the cost to the employer of paying taxes in order to maintain the subsidy.

Mr. DOUGLAS. Mr. President, I think the Senator from Louisiana is entirely correct.

Merely from the point of view of dollars and cents, if we take into consideration the hidden values coming from decent housing, we find that they more than pay for the cost of that housing.

Mr. President, we should be the means of enabling men, women, and particularly children, to lead happier, fuller, and more expanded lives. That is the test. Meeting that test is helped by a public-housing program.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. JOHNSON of Texas. Mr. President, I have conferred with the Senator from California; and I am willing to yield back the remainder of the time under my control, if he will do likewise. In that way we can vote now on the Kuchel amendment.

Mr. KUCHEL. I thank the Senator from Texas.

Mr. JOHNSON of Texas. Mr. President, does the chairman of the subcommittee desire to have a quorum call at this time?

Mr. SPARKMAN. No.

Mr. KUCHEL. Mr. President, I yield back the remainder of the time available to me.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of the time available to me.

The PRESIDING OFFICER. All remaining time has been yielded back by both sides.

The question is on agreeing to the amendment offered by the Senator from California [Mr. KUCHEL] for himself and his colleague [Mr. KNOWLAND].

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BUSH].

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. How much time remains on the question of agreeing to the Bush amendment.

The PRESIDING OFFICER. The Senator from Connecticut [Mr. BUSH] has 51 minutes remaining; and the Senator from Texas [Mr. JOHNSON], who is in control of the time in opposition to the amendment, has 15 minutes remaining under his control.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Connecticut take time now to explain his amendment? If so, we can then vote it.

Mr. BUSH. Mr. President, I thank the Senator from Texas for the suggestion.

The amendment simply authorizes the Housing and Home Finance Administrator to sell to the local housing authority in the town of Glastonbury the 199-unit housing development there, known as Lanham Act housing or moderate-rental housing, subject to the approval of the legislative body of the town of Glastonbury, and to do so within a period of 12 months from the date of enactment of this act. Briefly stated, that is the purpose of the amendment. It is almost exactly similar to an amendment, adopted last year to the housing bill, in regard to a similar situation existing in the town of Wethersfield, Conn.

I think there is nothing further I need say about the amendment. It has been recognized as acceptable by the chairman of the subcommittee, the junior Senator from Alabama [Mr. SPARKMAN] and, on our side by the Senator from Indiana [Mr. CAPEHART].

Mr. JOHNSON of Texas. If the Senator from Connecticut has explained the amendment, we can vote on it now.

Mr. BUSH. Mr. President, I am glad to cooperate in that respect.

Mr. FULBRIGHT. Mr. President, will the Senator from Connecticut yield for a question?

Mr. BUSH. I yield.

Mr. FULBRIGHT. Does the Senator from Connecticut know what the price of the houses will be?

Mr. BUSH. No. It will be the fair market value, but that must be determined by negotiation.

Mr. FULBRIGHT. Does not the law require that the sale price, and so forth, be reported to the committee or to the Senate?

Mr. BUSH. I think not.

Mr. JOHNSON of Texas. Mr. President, I will yield back the remainder of the time under my control, if the Senator from Connecticut will yield back the remainder of the time under his control.

Mr. BUSH. Mr. President, I yield back the remainder of the time available to me.

Mr. JOHNSON of Texas. Mr. President, I do likewise.

The PRESIDING OFFICER. All remaining time has been yielded back.

The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BUSH].

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

Mr. STENNIS. Mr. President—

Mr. JOHNSON of Texas. Mr. President, let me say to the Senator from Mississippi that the Senator from Indiana is not now on the floor. I understand that the Senator from Mississippi has an amendment to submit, but I should like to have the Senator from Indiana in the Chamber before that amendment is submitted.

If it is agreeable, I shall suggest the absence of a quorum, provided it is agreed that the time required for it will not be charged to either side.

Mr. STENNIS. Very well, Mr. President.

Mr. JOHNSON of Texas. Then, Mr. President, I ask unanimous consent that a quorum call may be had at this time, with the understanding that the time required for it will not be charged to the time available to either side.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. JOHNSON of Texas. Then, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, the Senator from Mississippi [Mr. STENNIS] has an amendment to submit. I ask unanimous consent that the amendment of the Senator from Indiana [Mr. CAPEHART] may be temporarily laid aside, so that the Senator from Mississippi may submit his amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Mississippi will be stated.

The CHIEF CLERK. On page 55, in lines 13 and 14, it is proposed to strike out "except as may hereafter be enacted in express amendment hereof."

Mr. STENNIS. Mr. President, this amendment is merely a technical one.

It is offered because the language it proposes to strike out, as I see it, really has no legal meaning. I refer first to the words "except as may hereafter be enacted."

Of course, it is always implied that any law will continue to be the law until changed by a subsequent law to the contrary.

My amendment also would strike out the words "in express amendment hereof"—which is an awkward way of preventing Congress from amending this Act unless it is specifically stated that the amendment is "in express amendment hereof."

Mr. CAPEHART. Mr. President, let me suggest to the Senator in charge of the bill that this amendment be accepted.

Mr. STENNIS. I thank the Senator from Indiana.

Mr. SPARKMAN. Mr. President, I am perfectly willing to accept the amendment. I agree with the Senator from Mississippi that the language he proposes to strike out is meaningless, legally.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of the time available to me.

Mr. STENNIS. Mr. President, I yield back the remainder of the time available to me on the amendment.

The PRESIDING OFFICER. All remaining time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Mississippi [Mr. STENNIS].

The amendment was agreed to.

Mr. BUSH. Mr. President—

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from Connecticut.

Mr. BUSH. Mr. President, during the hearings on Senate bill 972, a certain situation developed in one or more States respecting the conversion of Federal savings and loan associations into stock companies. I intended to offer an amendment to the bill to strike out the provisions divorcing the Federal savings and loan operations, or the Home Loan Bank Board, from the HHFA. I do not intend to offer the amendment at this time, but I wish to say that the situation, which has disturbed me and other members of the Banking and Currency Committee, is worthy of further study by that committee, and promptly.

To that end, I ask unanimous consent that a letter from Albert M. Cole, Administrator of the Housing and Home Finance Agency, to the Senator from Alabama [Mr. SPARKMAN], together with an endorsement by Walter W. McAllister, Chairman of the Home Loan Bank Board, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter and endorsement were ordered to be printed in the RECORD, as follows:

HOUSING AND HOME FINANCE AGENCY,
Washington, D. C., June 7, 1955.

Hon. JOHN J. SPARKMAN,
Chairman, Subcommittee on Housing,
Banking and Currency Committee,
United States Senate, Washington,
D. C.

DEAR JOHN: For the last several months, I have been increasingly interested in and disturbed about certain questions surrounding the conversion of mutual savings and

loan associations, both Federal and State chartered, into permanent stock companies. I judge from recent events that these questions are now attracting similar attention in Congress and from the public; I am sure that they are matters of interest to your committee. Accordingly, I believe it is timely to indicate the basis for my concern and to suggest certain lines of future action.

In brief, under the present statutes (dating from about 1948) the following actions may occur:

1. A Federal association may convert to a State-chartered mutual association without the approval of the Home Loan Bank Board by following the stipulations of the first paragraph of section 5 (i) of the Home Owners' Loan Act of 1933. There is nothing in the law or regulations which imposes controls upon the association if, thereafter, it elects to reorganize under State law as a stock company.

2. A federally-chartered association may convert directly into a State-chartered stock company under the second paragraph of section 5 (i) if the plan of conversion is upon an equitable basis and approved by the Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation.

Let me make it clear that I do not contend there is anything basically wrong with permanent stock companies as such; I am concerned over certain features involved in the movement of mutual companies into the stock-ownership field. The history of permanent stock companies in several States where this form of operation has been typical for thrift and home-financing institutions is exemplary. As a group in those States they are strong financially, enjoy progressive management, and have played a significant role in the encouragement of thrift and in the provision of home-mortgage financing in their communities.

The nub of the problem is that in any such conversion there is a transfer of ownership from the body of mutual shareholders to a group—normally, from a practical standpoint, a much smaller group—of permanent stockholders. Where, as is commonly the case, the converting institution possesses substantial earned surplus, reserves and undivided profits, a question necessarily arises as to whether the methods, terms, and conditions of conversion adequately protect—both immediately and over the longer term—the rights of the mutual shareholders after conversion is consummated.

I am firmly convinced that the Federal regulatory and insuring agencies involved are under a duty to assure that these rights are adequately protected and preserved. The nature of their obligation was well stated by the United States Supreme Court in the first case involving a Federal savings and loan association to come before the Court. In its opinion, the Supreme Court declared:

"In the creation of corporations of this quasi-public order and in keeping them thereafter within the limits of their charters, the State is parens patriae, acting in a spirit of benevolence for the welfare of its citizens. Shareholders and creditors have assumed a relation to the business in the belief that the assets will be protected by all the power of the Government against use for other ends than those stated in the charter. Aside from the direct interest of the State in the preservation of agencies established for the common good, there is thus the duty of the parens patriae to keep faith with those who have put their trust in the parental power."¹

I believe that as Administrator I have a responsibility to see that the trust obligation so described by the Court is met, and I must report to your committee that I am not satisfied that it can be fully met under the

¹ *Hopkins Savings Association v. Cleary* (296 U. S. 315).

present statutes and the regulations stemming from the statutes.

One of the most difficult problems for the Home Loan Bank Board has been to determine the nature of an equitable plan for conversion. I find that many detailed and relatively complicated requirements have been imposed by the Board—generally on a State-by-State basis to accommodate the variations in State statutes under which the conversions take place.

The administrative requirements and procedures of the Board are well summarized in a letter from Mr. Walter W. McAllister, Chairman of the Board, to the Honorable J. ALLEN FREAR, Jr., acting chairman, Subcommittee on Banking, Senate Committee on Banking and Currency, dated June 3, 1955. I understand that this letter will appear in the record of hearings on S. 972 and I will not repeat the detail here. As the Chairman stated in the hearings, the Board is of the opinion that all of the legal requirements of the statutes have been met and that the Board has gone perhaps further than expressly required by the statutes to control conversions and to protect the interests of the shareholders.

While many of the Board's requirements seem necessary and desirable, and while it may be that some go further than the law expressly requires, I am not satisfied that we can rely on these requirements alone to protect the rights of the mutual shareholders. In my opinion, neither the statute nor the implementing policies and practices of the Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation thereunder are assuredly adequate to cope with all conversion problems.

The Federal charter for savings and loan associations provides:

"All holders of savings accounts of the association shall be entitled to equal distribution of assets, pro rata to the value of their savings accounts, in the event of voluntary or involuntary liquidation, dissolution, or winding up of the association."

and this same principle has been enunciated by the Congress. Section 5 (1) of the Home Owners' Loan Act of 1933 provides that a Federal association may convert to a State-chartered association upon the condition, among others, that—

"In the event of dissolution after conversion, the members or shareholders of the association will share on a mutual basis in the assets of the association in exact proportion to their relative share or account credits."

If these are the basic conditions upon which the individual investors entered into their mutual association under the encouragement and protection of the Government, a question is necessarily raised as to whether the act of conversion from mutual to stock ownership does not in fact constitute a voluntary dissolution of the mutual association such as to require a distribution of equitable rights to the mutual shareholders. I am not here as much concerned with a legal definition of dissolution, as with the effective ending of the mutual trust relationship between the elected management of the institution and the body of mutual shareholders.

I have not yet reached final judgments on what steps can best be taken to protect the interests of the mutual shareholders and the public interest, but I have in mind several propositions for the consideration of your Committee. These are:

1. The Congress should provide for conditions applicable to conversions from mutual to stock ownership which would assure that reserves and surplus arising out of the earnings of the institution prior to the date of conversion inure in perpetuity to the benefit of the mutual shareholders, and cannot subsequently be alienated from them to the benefit of those who may be in a favorable position to acquire ownership and con-

trol of the permanent stock. These conditions should be attached to the continued availability of Federal insurance of accounts in the case of State-chartered institutions.

I understand that it is the view of some that the imposition of such a condition would effectively halt conversions. But it is my view that to permit any other disposition of prior-accrued funds would constitute a violation of the underlying trust relationship. If it is true that such a condition would stop the trend towards conversions, it raises an obvious question as to whether there is not a potential conflict of interests between the mutual shareholders and the subsequent stockholders which requires the most careful supervision on the part of the Federal chartering and insuring authorities.

2. If the Congress is not disposed at this session to formulate and put into the statute a provision along the general lines of No. 1 above and if it is the judgment of the committee that the present language of the second paragraph of section 5 (1) of the Home Owners' Loan Act of 1933 does not express fully the intent of the Congress as to the manner in which single-stage conversions should be approved, the committee may wish to consider the repeal of that provision. As an alternative, the committee may wish to define for the guidance of the Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation the precise nature of the "equitable basis" that shall obtain before the Board and the Insurance Corporation shall approve such conversions.

3. It is my feeling that the Congress will want to give careful consideration to strengthening the supervisory authority of the Federal Savings and Loan Insurance Corporation, with particular reference to the fact that the authority of the Corporation to terminate insurance of accounts is presently stated on a rather narrow basis.

In the two-stage conversion process, a Federal association may convert to a State-chartered mutual without the approval of the Board or the Corporation and then under State law and regulations convert from mutual to stock organization. During the second stage of the process, the Insurance Corporation has the express authority only to pass upon the forms of securities and upon the bylaw provisions relating to securities.

It does not have express statutory powers to terminate insurance of accounts unless a finding is reached after a hearing that the association has violated its duty as such or has continued unsafe or unsound practices in conducting the business of the institution, or has knowingly or negligently permitted any of its officers or agents to violate any provision of law or regulation to which the insured institution is subject.

There may be violations of public policy, or of the intent and purpose of the Government-supported insurance system that would not come within the present authority. The basic problem inherent in conversions is one specific example; there may be others.

4. I suggest that the committee may wish to give consideration to legislation which would establish a system of federally chartered permanent stock companies in the thrift and home financing area to parallel the State system of such permanent stock companies. I make this suggestion because of my belief that it is just as desirable to preserve the dual banking system in the savings and loan field as it is in the commercial banking field. If the trend toward conversion of Federal mutuals continues, it is possible that over a period of years the system of Federal savings and loan associations established by the Congress in 1933 will disappear.

I believe that the Congress should act at this present session to deal with the problems discussed above. I shall be happy to furnish assistance to the committee on any

legislative proposals in this regard which it may consider desirable. Meantime, it is my judgment that the Board should continue its policy of withholding approvals from all applications for conversion from the mutual to the stock form of organization.

I should not like the committee to get a wrong impression as to the quantitative size of this problem up to the present time. According to data furnished me by the Board, only 29 mutual savings and loan associations have converted to stock companies in the last 10 years—a very small number in so large an industry. However, it must be noted that half a dozen States or more have adopted legislation looking toward such conversions since the end of World War II; a number of other States are considering such legislation, and there is substantial support for it. The indications are, therefore, that this form of conversion is a relatively recent development which, by the observable signs, may develop into a trend of very significant dimensions. It is for this reason that I think it urgent to take all appropriate steps at this relatively early stage, not to halt the process, but to assure that it is subject to appropriate supervision and occurs with the full protection of the rights and interests of all concerned.

I am advised by the Bureau of the Budget that there is no objection to the submission of this letter.

Sincerely yours,

ALBERT M. COLE,

Administrator, Housing and Home Finance Agency.

I am glad to join Mr. Cole in presenting this matter for the consideration of your committee.

WALTER W. McALLISTER,
Chairman, Home Loan Bank Board.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

Mr. JOHNSON of Texas. Mr. President, if the Senator from Indiana is willing to yield back the remainder of his time on his amendment, I shall be glad to yield back the remainder of my time, in order that there may be a quorum call.

Mr. CAPEHART. Mr. President, I yield back the remainder of my time.

Mr. JOHNSON of Texas. I yield back the remainder of my time, and suggest the absence of a quorum.

The PRESIDING OFFICER. All time has been used or yielded back.

The absence of a quorum has been suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Ellender	Kuchel
Allott	Ervin	Langer
Anderson	Flanders	Lehman
Barkley	Frear	Magnuson
Barrett	Fulbright	Malone
Beall	George	Mansfield
Bender	Goldwater	Martin, Pa.
Bennett	Gore	McCarthy
Bible	Hayden	McNamara
Bricker	Hennings	Millikin
Bridges	Hickenlooper	Monroney
Bush	Hill	Morse
Butler	Holland	Mundt
Byrd	Hruska	Neely
Capehart	Humphrey	Neuberger
Carlson	Ives	O'Mahoney
Case, N. J.	Jackson	Payne
Case, S. Dak.	Jenner	Purtell
Cotton	Johnson, Tex.	Robertson
Curtis	Johnston, S. C.	Russell
Daniel	Kefauver	Saltonstall
Douglas	Kennedy	Schoeppel
Duff	Kerr	Scott
Dworshak	Kilgore	Smathers
Eastland	Knowland	Smith, Maine

Smith, N. J. Thurmond Welker
Sparkman Thye Wiley
Stennis Watkins Williams
Symington

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART]. All time has been used or yielded back.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MALONE (when his name was called). On this vote I have a pair with the junior Senator from Louisiana [Mr. LONG]. If he were present and voting he would vote "nay." If I were permitted to vote I would vote "yea." I withhold my vote.

Mr. SMATHERS (when his name was called). On this vote I have a pair with the junior Senator from Rhode Island [Mr. PASTORE]. If he were present and voting he would vote "nay." If I were permitted to vote I would vote "yea." I therefore withhold my vote.

Mr. WILEY (when his name was called). On this vote I have a pair with the Senator from New Mexico [Mr. CHAVEZ]. If he were present and voting he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. GREEN], the Senator from Louisiana [Mr. LONG], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate until June 21, 1955, on behalf of the Senate Appropriations Committee to conduct an on-the-spot study of specific matters relating to our foreign-aid program.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

I further announce that the senior Senator from Kentucky [Mr. CLEMENTS] has a general pair with the junior Senator from Illinois [Mr. DIRKSEN].

The senior Senator from Montana [Mr. MURRAY] has a general pair with the senior Senator from Michigan [Mr. POTTER].

The Senior Senator from Rhode Island [Mr. GREEN] has a pair with the junior Senator from North Dakota [Mr. YOUNG]. If present and voting, the Senator from Rhode Island would vote "nay," and the Senator from North Dakota would vote "yea."

I also announce that if present and voting, the Senator from Kentucky [Mr. CLEMENTS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Illinois [Mr. DIRKSEN] is absent on official business for the Committee on Appropriations.

The Senator from Iowa [Mr. MARTIN] is necessarily absent.

The Senator from Michigan [Mr. POTTER] is absent by leave of the Senate to attend the International Labor Organization Meeting in Geneva, Switzerland.

The Senator from North Dakota [Mr. YOUNG] is absent on official business.

The Senator from Illinois [Mr. DIRKSEN] has a general pair with the Senator from Kentucky [Mr. CLEMENTS].

The Senator from Michigan [Mr. POTTER] has a general pair with the Senator from Montana [Mr. MURRAY].

On this vote, the Senator from North Dakota [Mr. YOUNG] is paired with the Senator from Rhode Island [Mr. GREEN]. If present and voting, the Senator from North Dakota would vote "yea," and the Senator from Rhode Island would vote "nay."

The result was announced—yeas 38, nays 44, as follows:

YEAS—38

Allott	Curtis	Mundt
Barrett	Dworshak	Payne
Beall	Eastland	Robertson
Bender	Goldwater	Russell
Bennett	Hickenlooper	Saltonstall
Bricker	Holland	Schoeppel
Bridges	Hruska	Smith, N. J.
Butler	Jenner	Thurmond
Byrd	Knowland	Thye
Capehart	Kuchel	Watkins
Carlson	Martin, Pa.	Welker
Case, S. Dak.	McCarthy	Williams
Cotton	Millikin	

NAYS—44

Aiken	Gore	Magnuson
Anderson	Hayden	Mansfield
Barkley	Hennings	McNamara
Bible	Hill	Monroney
Bush	Humphrey	Morse
Case, N. J.	Ives	Neely
Daniel	Jackson	Neuberger
Douglas	Johnson, Tex.	O'Mahoney
Duff	Johnston, S. C.	Purtell
Ellender	Kefauver	Scott
Ervin	Kennedy	Smith, Maine
Flanders	Kerr	Sparkman
Frear	Kilgore	Stennis
Fulbright	Langer	Symington
George	Lehman	

NOT VOTING—14

Chavez	Malone	Potter
Clements	Martin, Iowa	Smathers
Dirksen	McClellan	Wiley
Green	Murray	Young
Long	Pastore	

So Mr. CAPEHART'S amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, I offer an amendment and ask that it be stated.

The PRESIDING OFFICER. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 68, line 2, after "Sec. 601", it is proposed to insert "(a)", and at the end of the bill to insert the following:

(b) The first paragraph of section 24, chapter 6, of the Federal Reserve Act, be amended (12 U. S. C. 1952 edition, 371) is hereby amended by inserting after the phrase "or the act of August 28, 1937, as amended" the following, "or title V of the Housing Act of 1949, as amended."

Mr. SPARKMAN. Mr. President, I have not had an opportunity to discuss this amendment with the Senator from Indiana [Mr. CAPEHART]. It relates to insured loans on farm housing. It simply makes such insured loans purchasable by national banks, just as insured Bankhead loans and insured FHA loans are so purchasable.

Mr. CAPEHART. Mr. President, I have no objection to the amendment. We can take it to conference, and if it is found that it affects the bill adversely in any way, we can handle it at that time.

Mr. SALTONSTALL. Mr. President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I yield.

Mr. SALTONSTALL. Is it the understanding of the Senator that with reference to the so-called Wherry housing in the military provisions of the bill the same conditions will apply as apply to all other real estate, and that if real estate is taken over or sold by the Department of Defense, the question will be submitted, first, to the Armed Services Committee of the House and the Senate for their consideration? If that is not the Senator's understanding, I hope he will bear that in mind in the conference. It was brought to my attention only recently before I had time to assemble the facts myself.

Mr. SPARKMAN. I do not recall that subject having arisen in the consideration of the bill. I do not believe there is any language in the bill which would establish a priority such as that which the Senator mentions.

Mr. SALTONSTALL. The Senator from Mississippi is the chairman of the subcommittee which handles real estate questions. All proposals for the lease of real estate are referred to the Armed Services Committee for its approval.

Mr. SPARKMAN. There is certainly nothing in this amendment which would prevent that practice being followed.

Mr. SALTONSTALL. Will the Senator bear that in mind?

Mr. SPARKMAN. I shall bear it in mind, and I shall be glad to consult with the Senator from Mississippi.

Mr. SALTONSTALL. The Senator from Mississippi is an authority on the subject.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. SPARKMAN].

The amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, may we at this time have the yeas and nays ordered on the final passage of the bill?

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I send to the desk another amendment and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Alabama.

The CHIEF CLERK. On page 7, after line 3, it is proposed to insert the following new section:

(1) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Cooperative Housing, and provide the Special Assistant with adequate staff, whose sole responsibility will be to expedite operations under this section and to eliminate obstacles to the full utilization of this section under the direction and supervision of the Commissioner. The person so appointed

shall be fully sympathetic with the purposes of this section.

Mr. SPARKMAN. Mr. President, I have discussed this amendment with the able Senator from Indiana [Mr. CAPEHART]. Section 213 is the section which provides for FHA insured loans on cooperative housing. We believe that is the only way the low-income and middle-income groups will be able to obtain housing. The amendment would provide for a special assistant to the commissioner who would devote his time and attention to this particular type of housing.

Mr. CAPEHART. Mr. President, I recommend that the amendment be taken to conference.

The PRESIDING OFFICER. Does the Senator from Alabama yield back the remainder of his time?

Mr. SPARKMAN. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. SPARKMAN].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

Mr. JOHNSON of Texas. Mr. President, if there are no requests for time, I yield back my time, if the minority leader will yield back his time.

Mr. KNOWLAND. If there are no requests for further time, I yield back my time.

The PRESIDING OFFICER. All time on the bill is yielded back. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. GREEN], the Senator from Louisiana [Mr. LONG], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate until June 21, 1955, on behalf of the Senate Appropriations Committee to conduct an on-the-spot study of specific matters relating to our foreign-aid program.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

I further announce that the senior Senator from Kentucky [Mr. CLEMENTS] has a general pair with the junior Senator from Illinois [Mr. DIRKSEN].

The Senior Senator from Montana [Mr. MURRAY] has a general pair with the senior Senator from Michigan [Mr. POTTER].

I also announce that if present and voting the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Rhode Island [Mr. GREEN], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY] and the Senator from Rhode Island [Mr. PASTORE] would each vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Illinois [Mr. DIRKSEN] is absent on official business for the Committee on Appropriations.

The Senator from Iowa [Mr. MARTIN] is necessarily absent.

The Senator from Michigan [Mr. POTTER] is absent by leave of the Senate to attend the International Labor Organization Meeting in Geneva, Switzerland.

The Senator from North Dakota [Mr. YOUNG] is absent on official business.

The Senator from Illinois [Mr. DIRKSEN] has a general pair with the Senator from Kentucky [Mr. CLEMENTS].

The Senator from Michigan [Mr. POTTER] has a general pair with the Senator from Montana [Mr. MURRAY].

If present and voting, the Senator from North Dakota [Mr. YOUNG] would vote "yea."

The result was announced—yeas 60, nays 25, as follows:

YEAS—60

Aiken	Fulbright	Malone
Allott	George	Mansfield
Anderson	Gore	McCarthy
Barkley	Hayden	McNamara
Beall	Hennings	Millikin
Bender	Hill	Monroney
Bennett	Humphrey	Morse
Bible	Ives	Neely
Bridges	Jackson	Neuberger
Bush	Johnson, Tex.	O'Mahoney
Butler	Johnston, S. C.	Payne
Capehart	Kefauver	Purtell
Case, N. J.	Kennedy	Saltonstall
Cotton	Kerr	Scott
Douglas	Kilgore	Smith, Maine
Duff	Knowland	Smith, N. J.
Ellender	Kuchel	Sparkman
Ervin	Langer	Symington
Flanders	Lehman	Thye
Frear	Magnuson	Wiley

NAYS—25

Barrett	Goldwater	Schoeppel
Bricker	Hickenlooper	Stathers
Byrd	Holland	Stennis
Carlson	Hruska	Thurmond
Case, S. Dak.	Jenner	Watkins
Curtis	Martin, Pa.	Welker
Daniel	Mundt	Williams
Dworshak	Robertson	
Eastland	Russell	

NOT VOTING—11

Chavez	Long	Pastore
Clements	Martin, Iowa	Potter
Dirksen	McClellan	Young
Green	Murray	

So the bill (S. 2126) was passed.

Mr. BYRD. Mr. President, I ask unanimous consent that I may have printed in the RECORD immediately following the vote on the housing bill, S. 2126, a statement giving my reasons for opposing the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BYRD

SUMMARY

The pending Housing bill (S. 2126) embraces more than 100 amendments and additions to Federal housing programs.

It deals with the scandalized home repair program and sweetens it up by increasing loans.

It liberalizes the cooperative housing programs which were victimized by profiteers in the past.

It increases by nearly 20 percent the authorizations to insure loans under the general FHA programs at public risk.

It liberalizes and increases expenditures for slum clearance programs.

For the first time it provides Federal insurance of loans to buy land without any house construction contemplated—for trailer parks, and improvements which may or may not include swimming pools, barbecue pits, etc.

It extends the life of title IX emergency defense housing programs, which admittedly are beyond their usefulness.

It legalizes the use of slum clearance areas for industrial purposes and subsidizes this feature.

It increases authorization for construction of federally subsidized public housing by 400 percent.

It makes permanent with a \$48 million revolving fund the community facilities program.

It creates a \$100 million revolving fund for public facility loans.

It liberalizes the college housing program and it extends its loans for use in the construction of dining halls, student unions, in-patient and out-patient facilities, etc.

It creates a \$1,350 million monstrosity to succeed the Wherry housing program for military installations. I doubt that it is capable of proper administration, and some military and FHA officials have the same doubt.

It establishes a brandnew program for smoke elimination and air pollution prevention involving grants, loans, and contracts, virtually without expenditure limitation so far as this bill is concerned.

It extends the farm housing program under the Department of Agriculture and adds to it a loan insurance program which duplicates and overlaps the farm housing loan insurance program already in existence under FHA.

In the new Wherry program and elsewhere in the bill there is a return to the 100 percent replacement cost procedure under which Federal Housing scandals flourished with builders mortgaging out and pocketing the proceeds of loans far in excess of the project costs.

In the new Wherry program and elsewhere the safeguard of cost certification adopted last year is repealed.

Not only does the bill destroy such safeguards as have been put into housing legislation in these programs, but it sweetens them up with more money to make them more attractive to dynamiters, suede-shoe boys, profiteers, and all the rest of the unscrupulous exploiters of housing programs.

Under this bill more than \$6 billion of new money or authority to use public credit is pumped into Federal housing programs.

General FHA programs are given an additional \$4 billion authorization to insure loans at public risk.

Under the new Wherry program there is another additional authorization, at public risk, to insure builders' loans to a total of \$1,350 million.

There is new authority to spend out of the public debt \$100 million for public-facility loans and \$200 million for college housing.

Appropriations for additional money are authorized for slum clearance to a total of \$537 million, to community facilities for a total of \$30 million, and to direct farm housing loans \$100 million.

In addition to these there is authorization for new appropriations for the smoke elimination and air pollution prevention program to an unlimited amount.

Also, in addition, there would be greater appropriations for the subsidy of local public

housing which the bill proposes to increase, in terms of authorization, by 400 percent. Federal costs for public housing are permanent.

TITLE I—HOME REPAIR LOANS

Sections 101 (a) and (b) (p. 2 of the bill) extends the title I property improvement program for 5 years to 1960, and increases the maximum loan to individuals from \$2,500 to \$3,000.

This is the program so terribly exploited by "dynamiters" and "suede shoe" boys, and described by Assistant Attorney General Warren Olney as a program under which organized groups and swindlers, thieves and crooked salesmen cheated and defrauded literally thousands of small-home owners, and which "has been almost ruinous to legitimate dealers."

Testifying on this bill, May 10, 1955 (p. 63 of the hearings) Norman P. Mason, FHA Administrator, said, "There will continue to be irregularities or abuses in any program of this kind as long as the program exists."

This is the program this bill would continue for 5 years and sweeten up with a 20-percent increase in the maximum loan. Under the program, FHA at public risk insures up to \$1,750,000,000 in repair and improvement loans outstanding at any one time.

The individual loans are not insured. The lending institutions are merely insured, virtually 100 percent, against any loss resulting from default.

There have been nearly 18½ million loans under this program for \$8.6 billion. There is more than \$1¼ billion in loans outstanding and approximately one-half billion in unused authorization.

There were nearly a half million claims on defaulted notes according to the latest report given to me by Mr. Albert M. Cole, the Housing and Home Finance Administrator.

I am advised by the Justice Department that indictments for criminal illegalities in this program now run into the hundreds, with more than 100 convictions and pleas of guilty to date growing out of scandals involving home-repair loans.

FHA FARM HOUSING

Section 102 (a) (p. 2 of the bill) would eliminate the \$100 million authorization for insurance of farm housing loans under FHA, which already overlap insured and direct loans provided for under the Farmers Home Administration in the Department of Agriculture.

The Housing Act of 1954 limited the loans which would be guaranteed for farm housing to \$100 million. This provision in this bill would repeal the limitation—leaving the amount which could be insured without limit.

The reason given in the hearings is "reducing the record keeping with respect to the farm housing program and the necessity for recurring estimates of amounts of outstanding balances on these farm housing mortgages."

It's just too much trouble to stay within the limitation.

TRAILER PARKS—INSURING LOANS FOR LAND

Section 102 (c) (p. 3 of the bill) would authorize FHA to insure loans for purchase of land for trailer parks.

Under this amendment, FHA could insure loans up to \$300,000 per park at the rate of \$1,000 per trailer space within the park.

The money could be used to purchase the land, finance utilities and "other improvements"—perhaps including more swimming pools and barbecue pits.

This is the first time in the history of these housing programs that it has been seriously suggested that the Federal Government would insure loans for purchase of land alone without housing construction.

The program does not provide for the insurance to loans to individuals to buy the trailers.

There have been trailer programs in the past, but they were mostly in Lanham Act defense emergency provisions under which the Government bought trailers with appropriated money for use in remote areas for temporary housing.

It is not clear, but apparently loans for trailer park land purchases, installation of utilities and "other improvements" would be made under provisions of section 207 of the Housing Act of 1954, where the loans are based on the estimated value of the property or project when the improvements are completed, including physical improvements, utilities, architects fees, taxes, and interest during construction, and other miscellaneous charges incident to construction.

CO-OP HOUSING—REPLACEMENT VALUE

Section 102 (c), (5) (p. 3 of the bill); sections 102 (e) and 102 (f) (p. 6 of the bill); section 102 (k) (p. 7 of the bill); and section 103 (c) (p. 8 of the bill) all deal with FHA cooperative projects.

The committee report says it is "the committee's intention that FHA take affirmative action to make this program operative and effective, to expedite it, and to eliminate administrative obstacles."

The committee found that one of the obstacles to the program was basing the insured mortgages on estimated value instead of replacement value.

Section 102 (e) (p. 6 of the bill) returns the program to estimated replacement cost, estimated by the Commissioner.

Section 103 (e) (p. 8 of the bill) authorizes the Federal National Mortgage Association (Fanny Mae) to make advance commitments for the purchase of co-op housing mortgages totaling up to \$50 million with up to \$5 million in any one State.

Section 102 (k) (p. 7 of the bill) would permit insurance of co-op mortgages to purchase Government-owned property acquired by default under the co-op program or any other Federal housing program.

Sections 102 (c) (5), (p. 3 of the bill) and section 102 (e) (p. 6 of the bill) would reduce the minimum size of co-op projects from 12 to 8 units.

This is the program in which the Senate Banking and Currency Committee found some of the worst abuses and most scandalous operations. Some of what the committee found in the way of land deals, misrepresentation, profiteering, windfalls, etc., in the co-op program are set forth on page 223 of the hearings.

And this is only a sample. Some of these co-op projects are still in litigation.

Through March 31, 1955, FHA had insured 11,835 loans under this program for \$400 million and more, of which more than \$300 million was still outstanding.

INCREASING MULTIUNIT LOAN MAXIMUM 150 PERCENT

Section 102 (d) (pp. 3 and 4 of the bill) would increase the maximum loan which FHA would insure for a multiunit project from \$5 million to \$12.5 million—an increase of 150 percent.

This would be the program under which 608-type multiunit apartment-house mortgages would be insured.

Effort is made in the hearings to justify this increase on a basis of increased costs.

It might be contended more accurately that it would legalize such operations as those found in the Woodner Hotel, where they put a partition through the middle to get \$10 million instead of \$5 million, and the Arlington Towers project.

Under this provision the same builder could have more than one of these \$12.5 million projects going at the same time, providing the commitments were made one at a time.

Under section 102 (d) (p. 5 of the bill) a builder could have loans insured for projects totaling up to \$50 million within an arbitrarily defined "marketing area" if it were in a slum-clearance area.

FIFTY-MILLION-DOLLAR LOANS IN SLUM-CLEARANCE AREAS

Section 102 (d) (p. 5 of the bill) would provide that one builder could have loans insured for projects within an arbitrary "marketing area" totaling \$50 million if the housing is to be in a slum-clearance area.

INCREASING FHA AUTHORIZATION \$4 BILLION

Section 102 (g) (p. 6 of the bill) would authorize FHA to insure \$4 billion additional of housing mortgages under its general programs at public risk.

These are the programs for which additional authorization of \$1.5 billion was provided in new legislation enacted in March.

This would be in addition to previous authorization which would be released by any repayments.

It would be in addition also to the unused authorization in the title I home-repair program.

And it would be in addition to the \$1.-350 million new authorization proposed in this bill for the new Wherry housing.

It would bring total authorization for general program insurance under FHA to \$27 billion, exclusive of home repair and new Wherry programs.

As of March 31, more than 2 million loans had been insured under these programs for more than \$19.6 billion, of which \$17¼ billion are still outstanding.

REPLACEMENT VALUE FOR SLUM-CLEARANCE DWELLINGS

Section 102 (h) (pp. 6 and 7 of the bill) would repeal "appraised value" as the basis for the amount of construction and rehabilitation loans to be insured by FHA for dwellings in slum-clearance areas, and substitutes the old windfall formula of "estimated replacement cost."

Practically all of the windfall cases developed in last year's investigations had their origin in the exploitation of the "estimated replacement value" yardstick which allowed "mortgaging out" with loans far in excess of cost.

Now it is contended that builders are reluctant to go into FHA projects without this windfall device.

COST CERTIFICATION REPEALED FOR SLUM-CLEARANCE HOUSES

Section 102 (i) (p. 7 of the bill) would repeal the requirement for cost certification on small individual houses built under the program for housing families displaced by Government action in its slum-clearance program.

It is contended that no other FHA program for small individual houses requires cost certification.

REPEALING RESTRICTIONS ON SLUM-CLEARANCE HOUSING

Section 102 (j) (p. 7 of the bill) would amend section 221 of the 1954 Housing Act, which insures loans to build housing for people forced by the Government to move out of slum-clearance-program areas.

The amendment would make this housing available to all people in the slum-clearance area whether they were forced by the Government to move out or not.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Sections 103 (a) and 103 (b) (p. 8 of the bill) would change the 1954 Housing Act with respect to the Federal National Mortgage Association (FNMA).

Under the 1954 act, FNMA, in its secondary mortgage market operation, accumulates funds from private sources by requiring those who sell mortgages to the Association to invest not less than 3 percent of the outstanding balance of the mortgage sold.

This bill would reduce this requirement from 3 percent to 2 percent.

The committee says little private capital has been invested under the 1954 act, and evidently thinks a reduction in the investment percentage would result in greater investment.

Section 103 (b) would amend the FNMA charter to require the Association, in its secondary market operations, to buy mortgages in all sections of the country at the same rate.

Such a uniform price probably will result in bringing the purchase prices for all the paper purchased in all sections of the country to the maximum rate.

EXTENSION OF NONESSENTIAL EMERGENCY DEFENSE HOUSING

Section 105 (p. 9 of the bill) extends for another year so-called title IX for the insurance of emergency defense housing.

Norman P. Mason, FHA Commissioner, on page 69 of the committee hearings on this bill, said this program had been on a standby basis for the past year and that the program has "fulfilled its purpose."

But, as usual, there is reluctance to let one of these programs expire on its expiration date, and this bill would extend for another year the life of a program to insure emergency defense housing for which there is no longer any need.

There have been more than 54,000 loans under this program for more than a half billion dollars and there is still a half billion dollars in outstanding balances.

INCREASING APPROPRIATED FUNDS FOR SLUM CLEARANCE AND LIBERALIZING THE PROGRAM

Sections 106 (a), (b), and (c) (pp. 9 and 10 of the bill), increase Federal appropriations for capital grants to slum-clearance programs by more than a half billion dollars, increase amounts available to individual States by 100 percent, and legalize industrial use of slum-clearance areas and make funds available for this purpose.

This is a program which actually is operated by local housing authorities, with very little authority remaining in the Federal Government.

The program contemplates that the Federal Government will absorb two-thirds of the loss on the projects. Ordinarily this would be most, if not all of the cash loss, because the locality takes credit for its one-third of the loss in terms of street and other improvements which, in most instances, are already in the area.

Under this program the local housing authority acquires a so-called slum-clearance area, usually at exorbitant prices, clears it, and sells it again to somebody else for practically nothing—with the Federal Government taking the loss.

Section 106 (a) of this bill increases the authorization for appropriations to make capital grants to this program by \$212.5 million to be available July 1, 1955; another \$212.5 million to be available on July 1, 1956; and another \$100 million to be made available by the President at any time.

Section 106 (b) amends the 1949 Slum Clearance Act to provide that any one State may have grants totaling 10 percent of available funds plus \$70 million.

Obviously, this amendment is for the State of New York, which has exploited this program to its maximum, including use of cleared land to build a combination coliseum-office building. The fact that this structure recently caved in indicates the kind of jerry-building construction which may be expected to characterize these projects.

This is not all of the abuse and exploitation which have come to light in these programs. I have a letter from Mr. Albert M. Cole, HHFA Administrator, which discusses them in detail. And I have made this communication a part of the CONGRESSIONAL RECORD.

Section 106 (c) authorizes the acquisition of land by condemnation or otherwise from one private owner and its sale to another for development in industrial construction for private profit. In addition, this section provides that 5 percent of Federal funds allocated to a local public agency may be used to subsidize industrial development for private profit in this manner.

The slum-clearance program has been authorized to draw, and have outstanding at any one time, \$1 billion from Federal debt receipts. To date it has had a \$500 million authorization for appropriations to make capital grants, and it has used an estimated \$58 million of this money. This bill more than doubles the appropriated funds for capital grants.

Section 107 on page 11 of the bill would enable Territories to participate in the slum-clearance program.

This could contemplate the reconstruction of nearly everything in Puerto Rico and a large part of Alaska.

PUBLIC HOUSING

Sections 108 (a), (b), (c), and (d) (on pp. 12 and 13 of bill) restore the total number of units to this program at 810,000 to be constructed at the rate of 135,000 units a year, with more than 135,000 units in the coming year, and eliminate the provision in the 1954 Housing Act which required that public housing projects be located exclusively in cleared slum clearance areas.

Under the public housing program, the Federal Government makes a series of preliminary loans to local housing authorities for advance planning and construction. After construction the local housing authority refinances the whole project with a long-term bond issue. As a permanent proposition the Federal Government appropriates annually to the local housing authority for operating costs as a means of guaranteeing low-rent housing.

Public Housing Authority is authorized to draw from the Federal debt \$1.5 billion to be outstanding at any one time for its loan program. Since 1941 the actual contributions have totaled nearly \$200 million. Expenditures on these programs from appropriated money got down to little more than \$3 million a year in the immediate postwar period, but now they are running at nearly \$50 million a year.

There has been little publicity on the scandals in the public housing programs, but I have placed in the record a communication received from Mr. Albert M. Cole, Housing and Home Finance Administrator, listing nearly 50 irregularities and illegalities in 18 States and Puerto Rico.

The substantive legislation authorization for public housing units has always been high. As usual it has been held down by appropriation bill riders limiting annual contributions and otherwise curbing the number of new starts under the public housing program.

The Housing Act of 1954 put a further limitation on public housing by providing that these projects could be built only in slum clearance areas.

This bill would eliminate the lashup with the slum clearance program.

Sections 109 (a), (b), and (c) (pp. 14 and 15 of bill) make special provision for housing elderly people—over 65—in public housing units and provide for the construction of an additional 50,000 units over a 5-year period, beginning in fiscal year 1956, for this purpose. These 50,000 would bring the authorized total of public housing units to 860,000.

Section 109 (a) permits single persons 65 and over to occupy these units. Section 109 (b) allows occupancy of married persons, one of whom is 65 years of age or over, to occupy the units, with preference of occupancy second only to people displaced by the slum clearance program. Section 109 (c) is more or less technical. Section 109 (d) pro-

vides for the additional units at the rate of 10,000 a year for 5 years ending in 1960.

TEMPORARY WAR HOUSING

Sections 108 (e) and (f) (pp. 13 and 14 of bill) give former owners of property taken for temporary war housing under the Lanham Act first preference in repurchase of the property when it is offered for sale in liquidation, and waive down-payment requirements in the sale of an Indiana project to a tenant co-op.

Lanham Act projects were financed exclusively from appropriations totaling \$65 million. In the liquidation of these projects, repayments have totaled approximately \$10 million.

HOME LOAN BANK BOARD AND FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Sections 110 (1), (2), (3), (4), (5), section 111, and section 112 (pp. 18 through 22 of the bill) would make the Home Loan Bank Board an independent agency, removing it from Housing and Home Finance Agency, change requirements of member banks for stock subscription, provide for retirement of Federal Government stock in Federal Savings and Loan Insurance Corporation, allow the board to cancel membership of member banks, change the number of elected directors, and change the method of assessing Federal Savings and Loan Insurance Corporation fees.

Federal Government stock in Federal Home Loan Banks is now retired and no appropriation is made to the system, but there is a Federal contingent liability totaling \$1,750,000,000.

At the time Government stock was being retired member banks were required to subscribe at least 2 percent of the aggregate unpaid principal of the home mortgage loans they held. This requirement would be reduced by 1 percent, under section 110 (1) of this bill.

Section 110 (2) would allow Home Loan Bank Board to cancel membership of banks with policies inconsistent with those of Federal Home Loan Bank Act.

Section 110 (3) is technical to complete the reduction of stock subscription to 1 percent.

Section 110 (4) allows an increase in the number of Home Loan Bank Board directors to a number up to twice the number of States in each Home Loan Bank district.

Section 110 (5) makes the Home Loan Bank Board an independent agency.

Section 111 removes the 2,500 limitation on loans by Federal savings and loan associations. The committee report says this limitation was inadvertently imposed under the Housing Act of last year.

Section 112 would allow the Federal Savings and Loan Insurance Corporation to retire Government held stock by issuing debentures for this purpose to Federal home-loan banks, and would enable the Federal Savings and Loan Insurance Corporation to charge admission fees commensurate with the cost of processing applications for insurance coverage.

To say that Government stock in the Federal Savings and Loan Insurance Corporation is one thing, but as in many of these Federal housing programs it is difficult to establish a clear straight record of how they were financed and their real fiscal responsibilities.

The Federal Savings and Loan Insurance Corporation is an example; when the Home Owners' Loan Corporation was established the Treasury was authorized to subscribe its capital stock of \$200 million, and the Corporation was authorized to issue \$4,750,000,000 of its own bonds guaranteed by the Federal Government. The Treasury issued notes to the Reconstruction Finance Corporation from which it got the \$200 million, and the RFC drew the money from the Federal debt. The Federal Savings and Loan

Insurance Corporation was formed as a sort of subsidiary of HOLC which subscribed to the new Corporation's stock for \$100 million. Now the HOLC has been liquidated and the capital stock of the Federal Savings and Loan Insurance Corporation has been transferred to the Treasury, which also currently is trying to liquidate the RFC.

PERMANENT COMMUNITY FACILITIES PROGRAM

Sections 113 and 114 (pp. 26-28 of the bill) would make permanent the temporary Community Facilities Administration for public works planning by States and localities, authorize \$48 million permanent revolving fund and provide that the cost of planning, borne by the Federal Government, that doesn't materialize does not have to be repaid.

Section 113 establishes a revolving fund to be made up of \$10 million now available in appropriated funds, appropriation of \$12 million July 1, 1956, another \$12 million July 1, 1957, \$14 million July 1, 1958, and the subsequent appropriation of such additional amounts as are necessary to maintain the revolving fund at a level of \$48 million.

This money is loaned to State and local public agencies for advance planning of public works.

Continual appropriations to this fund are to be anticipated, because funds advanced for projects which do not materialize do not have to be repaid.

Any one State may draw down as much as 10 percent of the entire fund at any one time.

Section 114 increases the pay of the Community Facilities Commissioner.

The record of this program to date has been repayment of less than 50 percent of the loans. The program has received appropriations totaling \$86 million. Repayments of loans have totaled little more than \$30 million.

FEDERAL (PUBLIC FACILITY) LOANS FOR LOCAL PUBLIC WORKS

Sections 201, 202 (a), (b), (c), 203 (a), (b), 204, and 205 (pp. 29, 30, 31, 32, and 33 of bill) provides for direct loans or purchase of securities of States and localities for public works projects such as water, sewer, gas facilities, etc., with funds to be taken out of the Federal debt, with any repayments going into a revolving fund for turnover use. Section 201 makes this loan program a permanent Federal program.

Section 202 (a) authorizes purchase of securities of States and localities for this program, and authorizes direct loans for specific projects.

Section 202 (b) (1) (2) fixes the rules for assistance under this program and authorizes 40-year loans.

Section 202 (c) gives preference in this program to small towns.

Section 203 authorizes expenditure of funds from the Federal debt for these loans and security purchases.

Section 203 (c) sets up the revolving fund with repayments under the program.

Section 204 provides for administration of the program, and section 205 provides for the substitution of this program for similar provisions under RFC.

COLLEGE HOUSING PROGRAM TO LEND A HALF-BILLION DOLLARS OUT OF THE FEDERAL DEBT

Sections 301, 302, 303, and 304 (pp. 33-38 of bill) would liberalize Federal loans for so-called college housing by increasing the amount outstanding at any one time from \$300 million to a half-billion, and make loans not only for student and faculty housing but also for cafeterias, dining halls, student centers, and unions, infirmaries or other outpatient or inpatient facilities, etc.

Section 301 of the bill expands the scope of the program beyond housing projects, precludes Federal loans if private offers are bet-

ter, fixes the interest rate, raises the outstanding limit from \$300 to \$500 million and makes other rules.

Section 302 defines the term "development costs" to include other than student and faculty housing.

Section 303 redefines colleges to include junior colleges, philanthropic corporations.

In a recent letter, Albert M. Cole, Housing and Home Finance Administrator, has advised me that, in its housing program for student and faculty housing, HHFA, as of early this year, had commitments to 117 colleges and universities in 36 States for loans out of the Federal debt totaling over \$110½ million, and that it has approved, pending final commitments, 14 additional loans totaling \$8.8 million.

These colleges and universities are both State and private and to qualify for the loans under the law they had to show that they were unable to secure the necessary funds for such housing from other sources upon terms and conditions generally comparable in terms and conditions applicable to loans under this title of the National Housing Act.

Under the act these direct loans from the Federal Government, to be financed out of the Federal debt, bypassing appropriation procedure, may be for terms up to 40 years putting their maturity virtually at the eve of the 21st century. The Housing Administration appears to be encouraging 40-year debts for both private and State colleges and universities to the Federal Government.

NEW WHERRY HOUSING

Title IV (pp. 38 through 60 of the bill, inclusive) would establish a new 3-year, \$1,350,000,000 Wherry housing program for construction of projects on or near military installations for military and civilian personnel of the military departments.

It would authorize military departments to initiate projects with builders who, with FHA-insured 30-year loans from private institutions, would build the projects. Upon completion the Defense agency would assume the mortgage. The theory of the proposal is that quarters allowances, to be withheld from military personnel over the years would pay off the mortgage.

Section 801 (p. 39) would define mortgagor to include the United States acting through the Secretary of Defense or his designee.

Section 802 (p. 40) would create a separate military housing insurance fund, outside of FHA, for the Reserves in this program.

Section 803 (p. 40) would authorize the use of \$1,350,000,000 of public credit as the maximum to which these loans could be insured. This would be in addition to the \$27 billion authorization for other FHA programs.

This section extends the program to June 30, 1958, gives the Secretary of Defense or his designee complete authority to determine need for projects, bases the amount of the loan on estimated replacement costs, allows costs to average \$13,500 per unit, prescribes competitive bidding, and fixes mortgage maturity at 30 years, with 4 percent interest.

Section 804 (p. 50) provides for payments by the military into the military housing insurance fund.

Section 805 (p. 51) repeals reference in previous Wherry Act to the military leasing act provisions which were designed to make Wherry projects subject to local real estate taxes.

Section 807 (p. 52) would authorize the military department secretaries to "lease or sell" land to effectuate the purposes of the program.

Section 808 (p. 52) establishes a new "special assistant to the FHA Commissioner" to promote new Wherry housing.

Section 809 (p. 53) eliminates the requirement for builders of new Wherry projects to make a cost certification.

Section 402 (p. 53) would authorize FNMA to commit itself to the purchase of new Wherry mortgages.

Section 403 (p. 53) would authorize the Secretary of Defense to contract with eligible builders, after competitive bidding, for construction on land owned or leased by the Government; defines an eligible builder as qualified by experience and financial responsibility to build the project; and would authorize the Secretary of Defense or his designee to acquire by lease or otherwise housing constructed under new Wherry contracts, assume or guarantee payment of notes, mortgages, or other legal instruments acquired by FHA in connection with the mortgage insurance, and guarantee the Armed Service Housing Mortgage Fund against loss.

Section 403 also would provide that rentals on these properties during any year would not exceed an average of \$90 per month per unit.

Section 404 (p. 55) would authorize the Secretary of Defense or his designee to acquire previous Wherry projects by purchase, donation, or other means including condemnation.

Section 405 (p. 56) would authorize the Secretary of Defense or his designee to assign quarters in these projects to military and civilian personnel and their dependents, and withhold quarters allowances or appropriate allotments from military personnel overseas as rental.

Section 405 provides also for payment from quarters allowances withheld of "all expenses of capitalization, operation, and maintenance."

Section 407 (p. 59) would "authorize to be appropriated such sums as may be necessary to carry out" the program.

Section 408 (p. 59) increases the maximum amount of individual project loans to be insured from \$5 million to \$12.5 million.

Under this legislation loans would be insured for the estimated replacement cost.

Requirement for cost certification would be repealed.

A builder could "mortgage out" with an insured loan far in excess of cost.

The military would assume the excessive mortgage.

This is a return to the "mortgaging out" windfall formula to a degree worse than any of the scandalous loopholes left in previous housing legislation.

The legislation raises the following questions:

Where is the requirement for the military ever to take title to the property?

Would the Government take over the builder's company with all of its assets and liabilities when it assumed the mortgage?

Where is the reason for these contracts to be subjected to renegotiation as suggested in the committee report?

Where is there a requirement to have this program conform with military housing policy, if there is a policy, in relation to appropriated housing, section 222 housing, etc.?

The bill authorizes appropriations to pay the costs of the program but says appropriated quarters allowances are to be withheld for this purpose. Does this contemplate double appropriations?

Provision is made to withhold quarters allowances and allotments for military personnel in lieu of rent, but where in the bill is provision for payment of rent by civilian employees; what will be the formula for rentals charged civilian employees; what would be the machinery for collecting rentals from civilians; if rentals were collected from civilians would they go into miscellaneous receipts of the Treasury?

Would the Federal Housing Administration exercise any control over construction of these projects where they would be in un-

necessary competition with civilian projects in the same area insured under other FHA programs?

What is in the bill to prevent military departments from evading competitive bidding requirement by classifying these new projects as merely extensions of existing projects and arbitrarily giving the contracts to the builder who constructed the prior project? What provision is in the bill to prevent the builder from renting units as they are completed, before the military takes over, and pocketing the rental proceeds 100 percent as they are doing now in many projects?

Does this bill contemplate that the military departments will come into agreement with Congressional Armed Forces Committees on these projects as is now required in connection with military acquisition of other real estate?

Where is the commonsense in having one Federal agency assume a mortgage insured by another Federal agency with provision for a third Federal agency to buy the paper?

Can this Congress bind future Congresses either to appropriate funds to meet the cost of these mortgages or to keep quarters allowances for military personnel at a level sufficiently high to meet the costs?

Is the whole scheme not a subterfuge to avoid direct debt by the Federal Government by assuming the obligation of mortgages, insured by another Federal agency in the nature of a contingent liability?

Will not military personnel be required to pay with their quarters allowances, for 30 years to come, excess rentals to cover cost of excess loans for the benefit of "mortgaging out" builders?

NEW PROGRAM FOR SMOKE ELIMINATION AND AIR POLLUTION PREVENTION

Title X (pp. 60 through 67, inclusive, in the bill) would add a whole new housing program to undertake the elimination of air pollution caused by smoke, fumes, gases, etc.

The program would contemplate research to determine causes and effects, to develop devices and methods for preventing or eliminating air pollution and to provide guidance and assistance to States and localities for the same purpose.

Appropriations are authorized to enable the Secretary of Health, Education, and Welfare to enter into 4-year research contracts, make grants to public and private agencies for research, training, and demonstration projects; and to enable the Housing and Home Finance Administrator to make loans to business enterprises and purchase their obligations for installation or construction of devices to eliminate air pollution.

The committee declined, according to its report, to write a limitation of \$3 million on research. As it stands the bill carries no limitation on funds for this new program except as may be exercised through annual appropriations, and that will be difficult because the program contemplates contractual obligations.

CONTINUATION OF DIRECT AND INSURED FARM HOUSING LOANS

Title VI (pp. 68 and 70 of the bill) continues the program for direct loans and insured loans for farm housing under the Department of Agriculture. Extension would be for 1 year.

Heretofore this program has been limited to direct loans from appropriated funds. This bill extends the direct loan program, and in addition provides for insurance of farm housing loans to a total of \$100 million at public risk. The insurance machinery would be under the Farmers' Home Administration.

This program, under the Department of Agriculture, to a large degree duplicates and overlaps the Farm Housing Insurance program under the FHA now that the insured loan feature has been added.

The direct loans under the Department of Agriculture were started in 1949, and to date gross loans under the program have totaled \$97 million in 19,000 loans.

FAIR LABOR STANDARDS AMENDMENTS OF 1955

Mr. DOUGLAS obtained the floor.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. JOHNSON of Texas. I ask unanimous consent that the Senator from Illinois may be permitted to report the bill (S. 2168) to amend the Fair Labor Standards Act of 1938.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, I report from the Committee on Labor and Public Welfare an original bill (S. 2168) to amend the Fair Labor Standards Act of 1938, in order to increase the national minimum wage, and for other purposes, and I submit a report (No. 498) thereon.

The PRESIDING OFFICER. The report will be received, and the bill will be placed on the calendar.

The bill (S. 2168) to amend the Fair Labor Standards Act of 1938 in order to increase the national minimum wage, and for other purposes, reported by Mr. DOUGLAS, from the Committee on Labor and Public Welfare, was received, read twice by its title, and placed on the calendar.

Mr. DOUGLAS. Mr. President, the Committee on Labor and Public Welfare has reported a bill to amend the Fair Labor Standards Act, about which I think we shall hear later from the majority leader. I wish to express my thanks to the other members of both the subcommittee and the full committee for their cooperation, and also my thanks and appreciation to the members of the staff for the fine work which they did in preparing the bill, in helping to edit the testimony, and in preparing the report.

The testimony will be in 3 volumes, running to over 2,000 pages. The volumes will be on the desks of Senators tomorrow morning. The report is quite voluminous, and will be on the desks of Senators tomorrow.

Since action on the housing bill has been completed today, I hope the decks have been cleared for a discussion tomorrow of the bill which I have reported.

In brief, the committee, by a quite decisive vote, approved the raising of the basic minimum wage from 75 cents an hour to \$1 an hour, to be effective the 1st of January 1956.

TRANSMISSION LINES FOR THE TVA

Mr. KEFAUVER. Mr. President, I was informed just a short while ago that the House Public Works Appropriations Subcommittee this afternoon voted 9 to 6 to knock out the \$6½ million appropriation from the TVA budget to build transmission lines out to the middle of the Mississippi River to pick up Dixon-Yates power. The House subcommittee applied that money instead to start construction on the Fulton steam plant.

This is good news. Just a few days ago, with magnificent disdain for the Congress, for the Securities and Exchange Commission, which has yet to approve its debt-financing plan, for the feelings of the people of the valley, the team of Dixon and Yates staged a gigantic celebration in West Memphis, Ark., and broke ground for their plant.

This action of the House committee, I trust, will show them that they were a bit premature.

They may break ground, they may start building a plant, but there are still many of us who are determined that not one kilowatt of power from that plant will ever go into the lines of the TVA system.

And in this determination I can assure you, Mr. President, that we have the support of considerably more than 90 percent of the citizens of the valley—the local people if you please.

SUSPENSION OF CERTAIN IMPORT TAXES ON COPPER

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 406, H. R. 5695.

The PRESIDING OFFICER. The bill will be stated by title.

The CHIEF CLERK. A bill (H. R. 5695) to continue until the close of June 30, 1958, the suspension of certain import taxes on copper.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to, and the Senate proceeded to consider the bill.

Mr. JOHNSON of Texas. Mr. President, it is not the purpose of the leadership to have the bill debated this evening. The bill, the hearings, and the report, are all available to the Members of the Senate.

The senior Senator from Nevada [Mr. MALONE] expects to discuss the bill, and after the morning hour tomorrow it will be laid before the Senate for debate.

I shall be glad to keep the Senate in session as late as is necessary to afford every Senator an opportunity to place material in the Record and to make whatever statements he may desire to make.

For the information of my colleagues, I may say there will be no further roll-calls tonight.

Mr. AIKEN. Mr. President, does the Senator from Texas contemplate seeking any unanimous-consent agreements this evening?

Mr. JOHNSON of Texas. No.

LYNDON B. JOHNSON OF TEXAS

Mr. HUMPHREY. Mr. President, I rise to express my appreciation to the Members of the Senate for their cooperation in making it possible for me to vote in favor of a progressive and decent public housing bill this afternoon. Most particularly, I desire to express profound thanks to the distinguished majority leader, my friend, the senior Senator from Texas.

Mr. JOHNSON of Texas. Then I shall plan to have it called up before the Senate concludes its business for the day.

HOUSING ACT OF 1955

Mr. THURMOND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement prepared by me in opposition to the housing bill, S. 2126, which was passed by the Senate yesterday.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR THURMOND

My opposition to the extension and expansion of the public-housing program is based on the belief that private enterprise can do and is doing the housing job necessary.

We are not faced with any emergency requirement for quick construction. Therefore, I see no logical reason to put up an outlay of billions of dollars of the taxpayers' money for additional public housing. One of the principal sponsors of this legislation has pointed out that it would involve the Government to the extent of \$10 billion a year. Another prominent legislator has estimated it would run even higher than that.

Since the close of World War II, 9,225,200 units of housing have been constructed by private enterprise, compared with 193,000 units of public housing through 1954, excluding military housing. This provides evidence that private enterprise is able and willing to do the job. If the Federal Government will stay out of the public-housing field, I believe sufficient housing will be provided on a continuing basis by private enterprise, unless some special reason might arise which should be met by the Government. Such a reason might be the sudden influx of people into an area requiring a large number of units of temporary housing.

Recent decisions of the Supreme Court on housing and in the school-segregation case indicate that the "separate but equal" doctrine will no longer apply. This denial of the right of a State or a city to determine its own regulations with regard to housing cannot be taken lightly when we are considering the ultimate result.

As a result of the Supreme Court ruling on the school case last year and on a housing case from California, my distinguished predecessor, the late Senator Burnet R. Maybank, who had long supported public housing, reversed his position and moved to strike all public housing from the bill in 1954. In the California case the Supreme Court had refused to consider an appeal from the California court in which that court had ruled segregation in public housing unconstitutional.

I am also opposed to a principle involved in the operations of public-housing projects which I consider to be socialistic. That is the regulation under which the same unit of housing is rented to different tenants at different rates of rent, or where identical units, side by side, are rented at different rates, based on the fact that the tenants have different incomes. Rentals should be based on the value of the property and not on the income of the tenants.

I do not believe it fair or in keeping with democratic principles for us to adopt such a socialistic program.

COST DIFFERENTIAL FOR WEST COAST SHIPYARDS

Mr. KUCHEL. Mr. President, for a long period of time many industries and

business enterprises in the western part of the United States have been compelled to operate under a severe handicap in establishing firm foundations and expanding their establishments. One of the most serious obstacles and disadvantages has been a higher cost of production, which is due to a varied number of factors.

I am sure virtually all of my colleagues can recall seeing advertisements for miscellaneous products which carry a line—generally in small type and tucked away in an obscure place—reading more or less as follows: "Prices slightly higher west of the Mississippi." This warning to would-be purchasers of products fabricated in the eastern half of the United States characterizes a situation which has been unpleasant but which still has not, I am happy and proud to point out, prevented the people of the Pacific coast from marching forward and building up a vigorous economy. However, our people have literally paid a premium price for their progress and have been compelled to overcome a number of disadvantages to reach the place where they and their enterprises now stand.

I shall not attempt to discuss the factors that make it more costly to produce various articles on the Pacific coast, but I am forced to call this condition to the attention of the Senate because recently a move has started that would penalize one important industry in my State and the neighboring States of Washington and Oregon. I refer to proposals to repeal a provision of the Merchant Marine Act of 1936 which was designed to equalize the competitive situation of Atlantic and Pacific coast shipyards.

Mr. President, I am disturbed—and I am sure my colleagues from the Pacific coast share my feeling—by the suggestion that this feature of the law drafted 20 years ago should be wiped from the books. The proposal to repeal section 502 (d) of the Merchant Marine Act is like kicking a man when he is down and would arbitrarily reverse a precedent which has been followed in a number of other pieces of legislation in the hope of protecting our economy and maintaining a vital adjunct to the national defense.

The differential which is recognized by the Merchant Marine Act is modest. It amounts only to 6 percent. I should like to point out, incidentally, that this figure was written into the law following thorough investigation by the Department of Commerce after my illustrious predecessor, Senator Hiram Johnson, brought the matter to the attention of the Senate. When the 1936 law was under consideration, Senator Johnson sought an allowance of 10 percent for west coast shipbuilders to equalize conditions with the east coast industry and enable them to participate in future merchant-ship construction. A 6-percent differential is barely enough to cover higher costs of obtaining materials and machinery that often have to be shipped halfway across the Nation or even further from the big centers of production in the Middle West and the East.

All Senators from maritime States—and I am certain many others from the

interior of the Nation—realize the extremely depressed state of this country's shipbuilding industry. In recent years virtually no construction has been going on, and dozens of once-thriving shipyards have been limping along at reduced rates with conversion and repair work or small craft building. This is especially true on the Pacific coast.

If our shipbuilding industry in California, Washington, and Oregon is ever going to revive, it will need the protection of the differential clause in the Merchant Marine Act. This industry is absolutely indispensable to national security, as was evidenced during World War II when shipyards from Los Angeles to Vancouver set superhuman records in turning out the tankers, cargo vessels, and other craft needed for our fighting forces and for the bridge of ships that linked the United States with such faraway places as Australia, New Guinea, North Africa, and Europe.

The hundreds of thousands of men and women who sweated around the clock to turn out those essential ships during wartime have dwindled to small forces in the port areas where shipbuilding still is carried on—but on a pitifully limited scale. Our Nation cannot afford to have the present limited numbers, the vital backbone, of experienced craftsmen further reduced and dissipated into other industries and areas. The 6-percent differential in cost permitted under the Merchant Marine Act may be the critical factor in keeping these present yards in existence and the workers on the job and available for any possible emergency.

Mr. President, the importance of this feature of the Merchant Marine Act is so obvious I earnestly hope that no further thought will be given to any proposed repeal. The differential clause was included in that legislation from the outset in the House, was retained by the Senate in what otherwise was an almost complete job of rewriting, and was incorporated in the conference report. Certainly a provision of law with such history should not be tampered with, particularly at such a crucial time in the life of this historic American industry.

I refer in these comments to S. 2038, introduced by the senior Senator from Maryland [Mr. BUTLER]. I denounce the bill; I believe it to be wrong. I feel certain that my views will appeal to an overwhelming majority of the Senate, no matter from what section of the country they may come. The bill is one which should be defeated; it should never get to the floor of the Senate.

DEPARTMENT OF THE INTERIOR APPROPRIATIONS, 1956—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, the conference report on the Department of the Interior appropriation bill is at the desk. I hope the Senate may act on it now. I observe on the floor the distinguished chairman of the Committee on Appropriations [Mr. HAYDEN], and I yield to him.

Mr. HAYDEN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two

Houses on the amendments of the Senate to the bill (H. R. 5085) making appropriations for the Department of the Interior and related agencies, for the fiscal year ending June 30, 1956, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of June 6, 1955, pp. 6538-6539.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. HAYDEN. Mr. President, the appropriations for the Department of the Interior and related agencies for the fiscal year 1955 were \$301,474,676. The budget estimates for 1956 were \$314,523,056. The bill as passed by the House appropriated \$297,925,546. As passed by the Senate the bill appropriated \$327,987,088. The amount agreed upon by the conferees and included in the conference report is \$317,573,627. In other words, the appropriations recommended in the conference report as compared with the appropriations for 1955, represent an increase of \$16,098,951. They are above the Budget Bureau estimate by \$3,050,571. Above the amount provided by the House by \$19,648,081, and only \$10,413,461 less than the amount provided by the Senate when it passed the bill.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. NEUBERGER. A good many conservation groups have asked me about one phrase which appears in the conference report, and that is in the authorization for the highway along the George Washington Memorial Parkway, in which the following statement is made: "but that the maximum possible protection shall be provided to maintain the C. & O. Canal and the lands bordering it in their natural state."

That language is quite nebulous and ambiguous, and a great many conservation groups are afraid that if the proposed highway is constructed it will have the effect of totally marring the scenery and wiping out the wildlife in that area. Was it the intention of the conference committee really to provide some protection when the highway is constructed along the George Washington Memorial Parkway?

Mr. HAYDEN. That was certainly the intent of the conferees. The testimony before the committee was that it is a mistaken idea to think that the entire length of the highway would crowd right up to the canal. That is not true. In many places, it would be at a considerable distance from the canal. There are certain places where the bluff comes so close to the canal that the roadway will

have to be constructed close to the canal, and then depart from it again.

The determining factor was that the State of Maryland is cooperating on the project, and has contributed funds for 50 percent of the cost of acquiring the right-of-way. The parkway was authorized by law to be undertaken jointly by the Park Service and the State of Maryland. The State of Maryland, having advanced a certain sum of money, according to an agreement embodied in an act of Congress, was very insistent that the project should be proceeded with.

Neither the State nor the Federal authorities have in any way attempted to indicate that action should be taken which would disturb the canal. On the other hand, we have tried to indicate that the highway should stay as far as possible away from the canal, except where it is impossible to do so.

Mr. NEUBERGER. I thank the Senator. For the RECORD, I should like to say, so that it will be available when the highway is being constructed, the area along the canal is one of the most important recreational sites for groups such as the Boy Scouts and the Audubon Society in the area of the Nation's Capital. I very much hope the distinguished chairman of the Committee on Appropriations and his colleagues will see to it that the National Park Service carries out what the chairman certainly thinks to be the intent of this part of the conference report. I wish to thank the distinguished chairman for giving me this assurance. I know that certain groups were very much concerned over the question.

Mr. HAYDEN. We also have the assurance of the National Park Service that no agency is more interested in providing recreational facilities than it is, and that objective will not be abandoned in this case.

Mr. NEUBERGER. I thank the Senator. I think it is important that this colloquy be in the RECORD, in the event there should be any dispute over the meaning of this provision of the report and the purpose intended.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. KUCHEL. My colleague and I have both been most interested in amendment No. 39. I am sure he shares my delight over the fact that the amount provided by the Senate with respect to the Forest Service generally was accepted by the House conferees. Can the Senator indicate what part of this amount is earmarked for fire protection or fire control in southern California?

Mr. HAYDEN. The Senate increased the amount by \$625,000 over the budget request, and in conference \$300,000 of the increase was retained.

Mr. KUCHEL. I thank the Senator very much. I express my sincere appreciation of his sympathetic interest for our problem.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 5085, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
May 8, 1955.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 6, 8, 11, 21, 34, 36, 48, 46, and 47 to the bill (H. R. 5085) entitled "An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1956, and for other purposes", and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 18 to said bill and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert: "of which \$100,000 shall be available for the completion of payments for the execution of the new figure for the Yorktown Monument, upon the completion of the figure to the satisfaction of the Secretary, and the Secretary shall release the contractor from all obligations under the contract with respect to the removal of the present damaged figure, the repair of the shaft, and the mounting of the new figure on the shaft: *Provided*, That prior to any payments made pursuant to this provision the contractor shall release the Government from any and all claims arising from the execution of the figure or any presently existing contract between said contractor and the United States Government: *Provided further*, That the sum provided herein is in addition to the sum of \$59,000 specified in contract No. I-100np-147."

That the House recede from its disagreement to the amendment of the Senate numbered 24 to said bill, and agree to the same with an amendment, as follows: In lieu of the matter proposed by said amendment insert: "of which \$500,000 shall be available for the establishment of a revolving fund for loans to locally owned private trading enterprises, to continue during the fiscal year 1956".

That the House insist upon its disagreement to the amendments of the Senate numbered 14 and 15.

Mr. HAYDEN. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 18 and 24.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arizona.

The motion was agreed to.

Mr. HAYDEN. Mr. President, I move that the Senate recede from its amendments Nos. 14 and 15.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arizona.

The motion was agreed to.

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point a statement giving a breakdown of the appropriations in the Department of the Interior and related agencies appropriation bill.

There being no objection, the breakdown was ordered to be printed in the RECORD, as follows:

84TH CONGRESS
1ST SESSION

S. 2126

IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 1955

Referred to the Committee on Banking and Currency

AN ACT

To extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Housing Amendments
4 of 1955".

1 TITLE I—GENERAL HOUSING AMENDMENTS

2 HOME IMPROVEMENT LOANS

3 SEC. 101. (a) Section 2 (a) of the National Housing
4 Act, as amended, is hereby amended by striking “July 1,
5 1955” and inserting “July 1, 1960”.

6 (b) Section 2 (b) of said Act, as amended, is hereby
7 amended by striking “\$2,500” and inserting in lieu thereof
8 “\$3,000”.

9 MORTGAGE INSURANCE

10 SEC. 102. (a) Section 203 (i) of said Act, as amended,
11 is hereby amended by striking “, the total amount of insur-
12 ance outstanding at any one time under this proviso not to
13 exceed \$100,000,000”.

14 (b) Section 204 (f) of said Act, as amended, is
15 hereby amended by adding the following paragraph at the
16 end thereof:

17 “Notwithstanding any other provisions of this section,
18 the Commissioner is authorized, with respect to mortgages
19 insured pursuant to commitments for insurance issued on or
20 after July 1, 1955, and, with the consent of the mortgagee
21 or mortgagor, as the case may be, with respect to mortgages
22 insured pursuant to commitments issued prior to such date,
23 to effect the settlement of certificates of claim and refunds
24 to mortgagors at any time after the sale or transfer of title
25 to the property conveyed to the Commissioner under this

1 section and without awaiting the final liquidation of such
2 property for the purpose of determining the net amount to
3 be realized therefrom.”

4 (c) Section 207 of said Act, as amended, is hereby
5 amended as follows:

6 (1) In subsection (a) (1) (B), after the words “resi-
7 dential use”, insert “or upon which there is located or to
8 be constructed facilities for trailer coach mobile dwellings”;

9 (2) In subsection (a) (6), before the period, insert
10 the following: “or space in a trailer court or park properly
11 arranged and equipped to accommodate trailer coach mobile
12 dwellings”;

13 (3) In the first proviso of subsection (c) (2), after
14 the words “of this section”, insert “or a mortgage on a
15 trailer court or park”;

16 (4) Before the colon immediately preceding the proviso
17 in subsection (c) (3), insert “or not to exceed \$1,000 per
18 space or \$300,000 per mortgage for trailer courts or parks”;
19 and

20 (5) In the last sentence of subsection (c), after the
21 word “project”, insert “may include eight or more family
22 units and”.

23 (d) Said Act, as amended, is hereby amended—

24 (1) by striking clause 1 of section 207 (c) and
25 inserting:

1 “(1) not to exceed \$12,500,000 with respect to
2 any one mortgage instrument and such that the aggre-
3 gate amount of any commitment or commitments issued
4 and outstanding under this section at any time with
5 respect to a project or projects in the same housing
6 market area and involving the same mortgagor (or
7 mortgagors under substantially the same control, as de-
8 termined by the Commissioner) shall not exceed
9 \$12,500,000, or, if the mortgage is executed by a
10 mortgagor coming within the provisions of clause (b)
11 (1) of this section, such dollar limit with respect to
12 any one mortgage instrument and with respect to the
13 aggregate amount of such commitments shall be
14 \$50,000,000;”;

15 (2) by striking clause 1 of section 213 (b) and
16 inserting:

17 “(1) not to exceed \$12,500,000 with respect to
18 any one mortgage instrument and such that the aggre-
19 gate amount of any commitment or commitments issued
20 and outstanding under this section at any time with re-
21 spect to a project or projects in the same housing market
22 area and involving the same mortgagor (or mortgagors
23 under substantially the same control, as determined by
24 the Commissioner) shall not exceed \$12,500,000, or,
25 if the mortgage is executed by a mortgagor regulated

1 or supervised under Federal or State laws or by political
2 subdivisions of States or agencies thereof, as to rents,
3 charges, and methods of operation, such dollar limit
4 with respect to any one mortgage instrument and with
5 respect to the aggregate amount of such commitments
6 shall be \$25,000,000; and”;

7 (3) by striking clause (i) of section 220 (d) (3)
8 (B) and inserting:

9 “(i) not to exceed \$50,000,000 with respect to
10 any one mortgage instrument and such that the aggre-
11 gate amount of any commitment or commitments issued
12 and outstanding under this section at any time with
13 respect to a project or projects in the same housing
14 market area and involving the same mortgagor (or
15 mortgagors under substantially the same control, as de-
16 termined by the Commissioner) shall not exceed
17 \$50,000,000; and”;

18 (4) by striking “\$5,000,000” in sections 213 (c)
19 and 221 (d) (3) and inserting: “\$12,500,000 with
20 respect to any one mortgage instrument and such that
21 the aggregate amount of any commitment or commit-
22 ments issued and outstanding under this section at any
23 time with respect to a project or projects in the same
24 housing market area and involving the same mortgagor
25 (or mortgagors under substantially the same control,

1 as determined by the Commissioner) shall not exceed
2 \$12,500,000”.

3 (e) Section 213 (b) (2) of said Act, as amended,
4 is amended by striking out “the estimated value” both times
5 it appears and inserting in lieu thereof “the amount which
6 the Commissioner estimates will be the replacement cost”.

7 (f) Section 213 of said Act, as amended, is hereby
8 amended by adding, in the last sentence of subsection (d),
9 after the words “subsection (a) of this section”, the words
10 “may include eight or more family units and”.

11 (g) Section 217 of said Act, as amended, is hereby
12 amended by striking “July 1, 1954” and inserting “July
13 1, 1955”, and by striking “\$3,500,000,000” and inserting
14 “\$4,000,000,000”.

15 (h) Section 220 (d) (3) of such Act, as amended,
16 is amended as follows:

17 (1) In subparagraph (A) by striking out “the ap-
18 praised value” and inserting in lieu thereof “the amount
19 which the Commissioner estimates will be the replacement
20 cost, and by striking out “such value” and inserting in lieu
21 thereof “such cost”; and

22 (2) In subparagraph (B) (ii) by striking out “the es-
23 timated value” and inserting in lieu thereof “the amount
24 which the Commissioner estimates will be the replacement

1 cost, and by striking out "value" and inserting in lieu thereof
2 "replacement cost".

3 (i) In the performance of, and with respect to, the
4 functions, powers, and duties vested in him by this section,
5 the Commissioner, notwithstanding the provisions of any
6 other law, shall appoint a Special Assistant for Cooperative
7 Housing, and provide the Special Assistant with adequate
8 staff, whose sole responsibility will be to expedite operations
9 under this section and to eliminate obstacles to the full
10 utilization of this section under the direction and supervision
11 of the Commissioner. The person so appointed shall be
12 fully sympathetic with the purposes of this section.

13 (j) Clause (a) of the second sentence of section 227
14 of said Act, as amended, is hereby amended by striking
15 "under section 221" and inserting "under section 221 if the
16 mortgage meets the requirements of paragraph (3) of sub-
17 section (d) thereof".

18 (k) Section 221 (a) of said Act, as amended, is
19 amended as follows:

20 (1) By inserting after the words "in order to assist in
21 relocating families" the following: "from urban renewal
22 areas and in relocating families";

23 (2) By striking out the words "to be so displaced" in
24 the first proviso of the second sentence;

1 (3) By striking out the words "to be so displaced and"
2 and inserting "referred to above" in the second proviso of the
3 second sentence.

4 (1) Section 223 (a) of said Act, as amended, is
5 amended by striking out "section 203 or section 207" each
6 time it appears and inserting in lieu thereof "section 203,
7 207, or 213".

8 FEDERAL NATIONAL MORTGAGE ASSOCIATION

9 SEC. 103. (a) Section 303 (b) of said Act, as amended,
10 is amended by striking out "3 per centum" and inserting in
11 lieu thereof "2 per centum".

12 (b) Section 304 (a) of said Act, as amended, is
13 amended by inserting before the period at the end of the
14 second sentence the words "on a uniform national basis".

15 (c) Section 305 of said Act, as amended, is amended
16 by adding at the end thereof the following:

17 "(e) Notwithstanding any other provision of this Act,
18 the Association is authorized to enter into advance commit-
19 ment contracts which do not exceed \$50,000,000 outstand-
20 ing at any one time, if such commitments relate to mortgages
21 with respect to which the Federal Housing Commissioner
22 shall have issued pursuant to section 213 either a commit-
23 ment to insure or a statement of eligibility; but not more
24 than \$5,000,000 of such authorization shall be available for
25 such commitments in any one State."

CERTIFICATES OF CLAIM

SEC. 104. Section 604 (f) of said Act, as amended, is hereby amended by adding the following paragraph at the end thereof:

“Notwithstanding any other provisions of this section, the Commissioner is authorized, with the consent of the mortgagee or mortgagor, as the case may be, to effect the settlement of certificates of claim and refunds at any time after the sale or transfer of title to the property conveyed to the Commissioner under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom.”

EXTENSION OF TITLE IX OF THE NATIONAL HOUSING ACT

SEC. 105. The second sentence of section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended as follows:

(1) By striking out the figures “1955” both times they appear therein and inserting in lieu thereof “1956”;

(2) In clause (a) thereof by striking out the words “designate hereunder” and inserting in lieu thereof “designate hereunder or (iii) pursuant to a commitment to insure issued pursuant to the preceding clause (ii)”; and

(3) In clause (b) thereof by striking out the words “designate hereunder” and inserting in lieu thereof “desig-

1 nate hereunder or thereafter pursuant to a commitment to
2 extend assistance for such community facilities or services
3 or to construct such temporary housing or community facil-
4 ities, issued before the close of July 1, 1956”.

5 SLUM CLEARANCE AND URBAN RENEWAL

6 SEC. 106. (a) Section 103 (b) of the Housing Act of
7 1949, as amended, is hereby amended by striking “\$100,-
8 000,000, which limit shall be increased by further amounts
9 of \$100,000,000 on July 1 in each of the years 1950, 1951,
10 1952, and 1953, respectively: *Provided*, That (subject to
11 the total authorization of not to exceed \$500,000,000)”
12 and inserting “\$500,000,000, which limit shall be increased
13 by further amounts of \$212,500,000 on July 1 in each of the
14 years 1955 and 1956, respectively: *Provided*, That”.

15 (b) Section 106 (e) of said Act, as amended, is
16 hereby amended by striking “\$35,000,000” and inserting
17 “\$70,000,000”.

18 (c) Section 110 (c) of said Act, as amended, is hereby
19 amended by inserting between the first and second sentences
20 thereof the following sentence: “Where land within the pur-
21 view of subparagraph (1) (ii) or (1) (iii) hereof (whether
22 it be predominantly residential or nonresidential in char-
23 acter) is to be redeveloped for predominantly nonresidential
24 uses, financial assistance under this title (including the mak-
25 ing of capital grants) may be extended therefor if the

1 governing body of the local public agency determines that
 2 such redevelopment for predominantly nonresidential uses
 3 is necessary and appropriate to facilitate the proper growth
 4 and development of the community in accordance with sound
 5 planning standards and local community objectives and to
 6 afford maximum opportunity for the redevelopment of the
 7 project area by private enterprise: *Provided*, That standard
 8 housing is made available to the families displaced by such
 9 projects and that such families shall be otherwise assisted
 10 as necessary in connection with their relocation: *And pro-*
 11 *vided further*, That not more than 5 per centum of the
 12 funds allocated to the municipality under authorization of
 13 this title shall be expended under this sentence.”.

14 SEC. 107. The Territorial Enabling Act of 1950 (64
 15 Stat. 344) is hereby amended—

16 (1) by inserting “urban renewal,” after “urban
 17 redevelopment,” in the title;

18 (2) by inserting “, AND URBAN RENEWAL”
 19 after “REDEVELOPMENT” in the heading of title I;

20 (3) by inserting “and urban renewal projects” after
 21 the term “urban redevelopment projects” in each place
 22 where that term appears in title I;

23 (4) by inserting “URBAN RENEWAL,” after
 24 “REDEVELOPMENT,” in the heading of title III;

1 (5) by inserting "urban renewal," after "urban
2 redevelopment," in sections 301 and 303;

3 (6) by inserting "or urban renewal" after "urban
4 redevelopment" in section 304;

5 (7) by inserting "as amended," after " (Public Law
6 171, Eighty-first Congress)," in sections 101, 301, and
7 304;

8 (8) by inserting "as amended," after "Housing Act
9 of 1949," in the clause numbered "(1)" in section 304;
10 and

11 (9) by inserting ", as amended," after "this Act"
12 in sections 101, 301, and 304.

13 PUBLIC HOUSING

14 SEC. 108. (a) Section 101 (c) of title I of the Housing
15 Act of 1949, as amended, is amended by striking out "or
16 for annual contributions or capital grants pursuant to the
17 United States Housing Act of 1937, as amended, for any
18 project or projects not constructed or covered by a contract
19 for annual contributions prior to the effective date of the
20 Housing Act of 1954,".

21 (b) There are hereby repealed—

22 (1) clause (2) of the eighth proviso appearing in
23 that part of the First Independent Offices Appropriation
24 Act, 1954, which is captioned "Annual contributions:"

1 under the heading "PUBLIC HOUSING ADMINISTRA-
2 TION";

3 (2) clause (2) of the third proviso appearing in
4 that part of the Independent Offices Appropriation Act,
5 1953, which is captioned "Annual contributions:" under
6 the heading "PUBLIC HOUSING ADMINISTRATION".

7 (c) Subsection (i) of section 10 of the United States
8 Housing Act of 1937, as amended, is hereby amended to
9 read as follows:

10 "(i) Notwithstanding any other provisions of law, the
11 Authority shall not enter into any new contracts for loans
12 or annual contributions for more than one hundred and
13 thirty-five thousand additional dwelling units during any
14 fiscal year: *Provided*, That in respect to the fiscal year 1956
15 such number shall be increased by the difference between
16 thirty-five thousand and the number of units for which new
17 annual contribution contracts for additional units were
18 entered into during the fiscal year 1955: *Provided further*,
19 That (subject to the authorization of not to exceed eight
20 hundred and ten thousand dwelling units) the number of
21 additional dwelling units which may be commenced under
22 this subsection during any fiscal year may be increased at any
23 time or times by additional amounts aggregating not more
24 than sixty-five thousand dwelling units, or may be decreased
25 at any time or times by amounts aggregating not more than

1 eighty-five thousand dwelling units, upon a determination by
2 the President, after receiving advice from the Council of
3 Economic Advisers as to the general effect of such increase or
4 decrease upon conditions in the building industry and upon
5 the national economy, that such action is in the public interest.

6 (d) Subsection (d) of section 21 of the United States
7 Housing Act of 1937, as amended, is hereby amended by
8 striking out the figure "10" in both places it appears and
9 inserting in lieu thereof the figure "15".

10 (e) Section 607 (b) of the Act entitled "An Act to
11 expedite the provision of housing in connection with national
12 defense, and for other purposes", approved October 14, 1940,
13 as amended, is amended by inserting after the first sentence
14 of the last paragraph of that subsection the following sen-
15 tence: "In the disposition of any lands under this section
16 which were acquired by the United States, the Administrator
17 may, notwithstanding the order of preference provided in
18 this section, grant a first preference to the former owners
19 of such lands in the purchase thereof for such period and
20 under such conditions as he may determine to be appropriate
21 and in the public interest."

22 (f) Section 607 (f) of the Act entitled "An Act to
23 expedite the provision of housing in connection with national
24 defense, and for other purposes", approved October 14,
25 1940, as amended, is amended by inserting before the period

1 at the end thereof a colon and the following: "*Provided*,
2 That, in the case of Project Indiana—12021 (Southmore
3 Heights), the terms of sale to any preference purchaser shall
4 not require a down payment".

5 (g) Notwithstanding the provisions of any other law,
6 the Housing and Home Finance Administrator is authorized
7 to sell and convey all right, title, and interest of the United
8 States (including any off-site easements) at fair market
9 value as determined by him, in and to war housing project
10 CONN-6028, known as Welles Village, containing one
11 hundred and ninety-nine dwelling units on approximately
12 thirty-four and one-half acres of land in Glastonbury, Con-
13 necticut, to the Housing Authority of the town of Glaston-
14 bury, Connecticut, subject to the approval of the legislative
15 body of the town of Glastonbury, for use in providing
16 moderate rental housing. Any sale pursuant to this section
17 shall be on such terms and conditions as the Administrator
18 shall determine: *Provided*, That full payment to the United
19 States shall be required within a period of not to exceed
20 thirty years with interest on the unpaid balance at not to
21 exceed 5 per centum per annum: *Provided further*, That
22 the provisions of this subsection shall be effective only during
23 the period ending 12 months after the date of approval of
24 this Act.

25 (h) The Act entitled "An Act to expedite the provi-

1 sion of housing in connection with national defense, and for
2 other purposes", approved October 14, 1940, as amended,
3 is hereby amended by amending the last paragraph of sec-
4 tion 605 (a) to read as follows:

5 "In any city in which, on March 1, 1953, there were
6 more than ten thousand temporary housing units held by
7 the United States of America, or any two contiguous cities
8 in one of which there were on such date more than ten
9 thousand temporary housing units so held, the Administrator
10 may acquire, by purchase or condemnation, a fee simple title
11 to any or all lands in which the Administrator holds a lease-
12 hold interest, or other interest less than a fee simple, ac-
13 quired by the Federal Government for national defense or
14 war housing or for veteran's housing where (1) the Admin-
15 istrator finds that the acquisition by him of a fee simple
16 title in the land will tend to expedite the orderly disposal
17 or removal of temporary housing under his jurisdiction by
18 facilitating the availability of improved sites for privately
19 owned housing needed to replace such temporary housing,
20 and will tend to expedite the transition of the city from a
21 war-affected community containing, as of said date, a large
22 number of temporary houses to a community having addi-
23 tional permanent, well-planned, residential neighborhoods,
24 (2) the local governing body of the city makes a like finding
25 and requests the Administrator to acquire such title to the

1 land, and (3) the city has furnished assurances satisfactory
2 to the Administrator that no individual who is employed by,
3 or is an official of, the government of the city in which the
4 land is located, or any agency thereof, shall be permitted,
5 directly or indirectly, to have any financial interest in the
6 purchase or redevelopment of such land: *Provided*, That
7 such acquisitions by the Administrator pursuant to this
8 sentence shall be limited to not exceeding four hundred
9 and twenty-five acres of land in the general area in which
10 approximately one thousand five hundred units of temporary
11 housing held by the United States of America were un-
12 occupied on said date: *And provided further*, That funds
13 for such acquisition by the Administrator, which are author-
14 ized, pursuant to subsection (c) of this section and title
15 II of the Independent Offices Appropriation Act, 1955, to
16 be expended from the revolving fund established by that
17 title under the heading "Housing and Home Finance Agency
18 Office of the Administrator, revolving fund", shall be taken
19 into consideration, to the extent that they are needed, in
20 making any determination pursuant to the second proviso
21 under that heading. All or any part of any land so acquired
22 by the Administrator may, during the five year period
23 following the date of its acquisition, be sold by the Admin-
24 istrator, through negotiated sale, to such city or any local

1 public agency where (1) the city or local public agency
2 has represented to the Administrator that it is duly author-
3 ized under State law to purchase and resell such land, that
4 such land will be made available to private enterprise for
5 development in accordance with local zoning and other laws,
6 and that the aggregate of such land and any other land
7 in the same city previously sold under the authority of
8 this paragraph to the city or a local public agency will be
9 developed for predominantly residential use, and (2) the
10 city or local public agency has agreed to pay the fair market
11 value of the land as determined by the Administrator, after
12 giving consideration, among other relevant information, to
13 the cost to the Federal Government of acquiring the fee
14 simple title and of holding the land pending sale (including
15 estimated amounts to cover legal and overhead expenses
16 of such acquisition and to cover interest costs to the Federal
17 Government of monies invested in the land pending sale).
18 Any such negotiated sale of land to the city or a local
19 public agency shall be made upon terms which require (1)
20 that the city or public agency shall pay in cash at least one
21 third of the price of the land upon its conveyance and the
22 entire price within one year after its conveyance and (2)
23 that any portion of the entire price not paid upon such
24 conveyance shall be represented by an indebtedness which
25 shall bear interest on outstanding balances at a rate of 4

1 per centum per annum and which shall be secured by a
2 first mortgage lien upon the land or such portion of the land
3 as the Administrator deems adequate to protect the financial
4 interest of the Federal Government. The Administrator
5 may, at any time that he deems it to be in the public interest
6 to do so, dispose, under authority of other provisions of this
7 Act, of any land acquired by him pursuant to this paragraph.
8 Any land acquired by the Administrator pursuant to this
9 paragraph which has not been disposed of within five years
10 after its acquisition shall be disposed of by him as expe-
11 ditiously as possible in the public interest in accordance with
12 other authority contained in this Act.”

13 SEC. 109 (a) Section 2 of the United States Housing
14 Act of 1937, as amended, is amended by adding the follow-
15 ing at the end of subsection (2) thereof: “The term ‘fam-
16 ilies’ means families consisting of two or more persons or
17 consisting of a single person sixty-five years of age or over
18 or the residuum of a tenant family. The term ‘elderly
19 families’ means families the head of which or his spouse is
20 sixty-five years of age or over.”

21 (b) Section 10 (g) of said Act is amended by striking
22 out “Second,” and inserting in lieu thereof “Third,” and
23 by adding immediately following the paragraph which con-
24 cludes with the words “veterans and servicemen;” the fol-
25 lowing new paragraph:

1 “Second, to elderly families, and as among such families
2 first preference shall be given to families of disabled vet-
3 erans whose disability has been determined by the Veterans’
4 Administration to be service-connected, and second prefer-
5 ence shall be given to families of deceased veterans and
6 servicemen whose death has been determined by the Vet-
7 erans’ Administration to be service-connected, and third
8 preference shall be given to families of other veterans and
9 servicemen: *Provided*, That in respect to dwelling units
10 owned or operated by any public housing agency as low-
11 rent housing within the meaning of this Act, such prefer-
12 ence for elderly families shall be extended in any year to
13 not more than 10 per centum of the estimated number of
14 all families to be admitted to such dwelling units in such
15 year.”

16 (c) Section 15 (8) of said Act is amended by inserting
17 before the semicolon at the end of paragraph (b) a colon
18 and the following: “*Provided further*, That the Public Hous-
19 ing Commissioner may, under regulations prescribed by him,
20 waive the requirements of clause (ii) in the case of elderly
21 families”.

22 (d) Said Act is amended by changing “SEC. 30” to
23 “SEC. 31” and “SEC. 31” to “SEC. 32” and by inserting the
24 following new section 30:

25 “SEC. 30. (a) For the purpose of increasing the supply

1 of decent, safe, and sanitary housing for elderly families,
2 available at rents which they can afford to pay, the Public
3 Housing Commissioner may—

4 “(1) make loans to public housing agencies to assist
5 the development, acquisition, or administration of low-
6 rent housing reserved in whole or in part for occupancy
7 by such families; and

8 “(2) make annual contributions to public housing
9 agencies to assist in achieving and maintaining the low-
10 rent character of housing which is reserved in whole or
11 in part for occupancy by such families.

12 “(b) The provisions of this Act relating to low-rent
13 housing generally shall apply with respect to low-rent hous-
14 ing reserved in whole or in part for elderly families, assisted
15 under subsection (a) of this section, except that with respect
16 to projects containing such housing—

17 “(1) the Public Housing Commissioner is author-
18 ized, with the approval of the President, to enter into
19 contracts for annual contributions including not more
20 than \$3,000,000 per annum in respect to such housing
21 (which shall be in addition to the annual contributions
22 authorized by section 10 (e) of this Act or by any
23 other provision of law) in the fiscal year 1956 and in
24 each of the four succeeding fiscal years;

25 “(2) the Public Housing Commissioner may au-

1 thorize the commencement of construction of not to
2 exceed ten thousand such dwelling units (which shall be
3 in addition to the number of dwelling units authorized
4 by section 10 (e) of this Act or by any other provision
5 of law) in the fiscal year 1956 and in each of the four
6 succeeding fiscal years;

7 “(3) section 10 (g) of this Act (relating to vet-
8 erans’ preferences) shall not be applicable;

9 “(4) preference for admission to dwelling units in
10 such housing shall be given to elderly families of low
11 income (as determined under regulations prescribed by
12 the Public Housing Commissioner).

13 “(c) Low-rent housing assisted under subsection (a) of
14 this section shall, notwithstanding the provisions of the first
15 sentence of subsection 15 (5) of this Act, be designed
16 specifically for occupancy by elderly families and shall be
17 conveniently located, so as to provide to the maximum extent
18 practicable for their comfort and welfare.

19 “(d) Whenever the Public Housing Commissioner de-
20 termines that there is an acute shortage of adequate housing
21 for elderly families of low income in an area in which there
22 are located dwelling units owned or operated by any public
23 housing agency as low-rent housing within the meaning of
24 this Act, he may, under regulations prescribed by him,
25 authorize public housing agencies, notwithstanding the pro-

visions of the first sentence of subsection 15 (5) of this Act, to reconstruct or remodel such housing (or any part thereof) to provide dwelling units reserved in whole or in part for occupancy by such families; and such housing (or part thereof) shall thereafter be deemed, for purposes of subsection (b) of this section, to be low-rent housing assisted under subsection (a) of this section.

“(e) The Public Housing Commissioner is authorized to include such provisions in contracts made pursuant to section 10 of this Act after the date of the enactment of this section, and to negotiate with the public housing agencies involved such modifications of previously existing contracts made under section 10 of this Act, as may be necessary (1) to permit elderly families of low income (as determined under regulations prescribed by the Public Housing Commissioner) to be admitted to any low-rent housing assisted under such section 10 and (2) to provide, for families so admitted, conditions for continued occupancy similar to those applicable with respect to other tenants.”

HOME LOAN BANK BOARD

SEC. 110. The Federal Home Loan Bank Act, as amended, is hereby amended—

(1) by striking section 6 (c) and inserting:

“(c) The original stock subscription for each institution eligible to become a member under section 4 shall be

1 an amount equal to 1 per centum of the aggregate of the
2 unpaid principal of the subscriber's home mortgage loans, or
3 such higher per centum not exceeding 2 per centum as the
4 board shall by regulation prescribe, but not less than \$500:
5 *Provided*, That nothing herein shall permit a member to
6 reduce the amount of stock held by it to below 2 per centum
7 of the aggregate of the unpaid principal of its home mortgage
8 loans as of the effective date of the Housing Amendments of
9 1955, but no such member shall be required to subscribe for
10 additional stock until such time as the amount of stock held
11 by it does not equal that required by such regulation. The
12 board shall from time to time adjust the amount of stock held
13 by each member so that, as nearly as possible, such member
14 shall at all times have invested in the stock of the Federal
15 Home Loan Bank at least an amount calculated in the man-
16 ner provided in the preceding sentence (but not less than
17 \$500). If the board finds that the investment of any mem-
18 ber in stock is greater than that required under this section
19 or under regulation of the board, upon application of such
20 member, the bank shall pay such member for each share of
21 stock in excess of the amount so required an amount equal to
22 the par value of such stock, or, at the election of the bank,
23 the whole or any part of the payments which would be so
24 made shall be credited upon any indebtedness of the member
25 to the bank. In either such event, stock equal in par value

1 to the amount of the payment or credit, or both, as the case
2 may be, shall be surrendered and canceled. No share of
3 stock shall be surrendered and canceled if the effect of such
4 surrender and cancellation would be to violate the provi-
5 sions of section 10 (c) requiring the amount of stock held
6 by such member to equal at least one-twelfth of the outstand-
7 ing advances to such member.”;

8 (2) by striking the first sentence of section 6 (i)
9 and inserting: “Any member other than a Federal
10 savings and loan association may withdraw from mem-
11 bership in a Federal Home Loan Bank six months after
12 filing with the board written notice of intention so to do,
13 and the board may, after hearing, remove any member
14 from membership, or deprive any nonmember borrower
15 of the privilege of obtaining further advances, if, in the
16 opinion of the board, such member or nonmember
17 borrower (i) has failed to comply with any provision
18 of this Act or regulation of the board made pursuant
19 thereto; (ii) is insolvent: *Provided*, That any member
20 of a bank which is a building and loan association,
21 savings and loan association, cooperative bank, or
22 homestead association shall be deemed insolvent if the
23 assets of such member are less than its obligations to
24 its creditors and others, including the holders of its

1 withdrawable accounts; or (iii) has a management or
2 home-financing policy of a character inconsistent with
3 sound and economical home financing or with the pur-
4 poses of this Act.”;

5 (3) by repealing section 6 (1) ;

6 (4) by striking the period at the end of section
7 7 (a) and inserting a colon and the following: “*Pro-*
8 *vided*, That the board may by regulation increase the
9 number of elective directors of any Federal Home Loan
10 Bank having a district which includes five or more
11 States to a number not exceeding twice the number of
12 States comprising such district, but such additional elec-
13 tive directors shall be apportioned as nearly as may be
14 practicable in the same manner and order as is provided
15 for the apportionment of elective directors under sub-
16 sections (c) and (d) hereof. The term ‘States’ as used
17 in the preceding proviso shall mean the States of the
18 Union and the District of Columbia.”;

19 (5) by inserting “(a)” after the section number
20 in section 17 and adding at the end thereof a new sub-
21 section (b) as follows:

22 “(b) The Home Loan Bank Board which was, pur-
23 suant to Reorganization Plan Numbered 3 of 1947, estab-
24 lished and made a constituent agency of the Housing and

1 Home Finance Agency shall, from the effective date of the
2 Housing Amendments of 1955, cease to be such a constitu-
3 ent agency and shall be an independent agency (including
4 the Federal Savings and Loan Insurance Corporation) in
5 the executive branch of the Government: *Provided*, That the
6 functions vested in the Chairman of said board under clause
7 (2) of the last sentence of subsection (b) of section 2 of
8 said reorganization plan are hereby transferred to said board.
9 Notwithstanding any other provision of law, said board, the
10 Chairman thereof except as herein otherwise provided, and
11 the Federal Savings and Loan Insurance Corporation, re-
12 spectively, shall have and may exercise all functions which
13 they respectively had or could exercise, immediately prior
14 to the effective date of the Housing Amendments of 1955
15 or immediately prior to the effective date of the Independ-
16 ent Offices Appropriation Act, 1955. Said board shall
17 annually make a report of its operations (including those
18 of the Federal Savings and Loan Insurance Corporation)
19 to the Congress as soon as practicable after the first day
20 of January in each year. The name of the Home Loan
21 Bank Board is hereby changed to 'Federal Home Loan Bank
22 Board'."

23 SEC. 111. The Home Owners' Loan Act of 1933, as
24 amended, is hereby amended by striking the proviso at the

1 end of the second paragraph of section 5 (c) and inserting:
2 “*Provided*, That no such loan, unless so insured or guaran-
3 teed, shall be made in excess of \$2,500.”.

4 SEC. 112. (a) Subsection (h) of section 402 of the
5 National Housing Act, as amended, is hereby amended to
6 read as follows:

7 “(h) The Federal Savings and Loan Insurance Corpo-
8 ration shall, on or before sixty days after the effective date
9 of the Housing Amendments of 1955, retire at par all out-
10 standing stock held by the Secretary of the Treasury and
11 shall pay to the Secretary of the Treasury a return on
12 the average amount, at par, of capital stock outstanding
13 during the fiscal years 1955 and 1956 at a rate determined
14 by the Secretary of the Treasury, taking into consideration
15 the current average rate on outstanding marketable obli-
16 gations of the United States as of the last day of the sixth
17 month of the fiscal year 1955. An amount of funds of the
18 Corporation equal to the proceeds of the debentures issued
19 under subsection (b) of section 402 of this Act shall be
20 available, to the extent necessary, for the retirement of
21 such stock. The retirement of such stock shall not affect
22 the applicability to said Corporation of the Government
23 Corporation Control Act, as amended.”

24 (b) Subsection (b) of section 402 of the National

1 Housing Act, as amended, is hereby amended to read as
2 follows:

3 “(b) (1) Promptly after the effective date of the Hous-
4 ing Amendments of 1955, the Corporation shall issue to the
5 Federal Home Loan Banks, and said banks shall purchase
6 at par, debentures of the Corporation in a face amount equal
7 to the par value of the capital stock of the Corporation out-
8 standing on the effective date of the Housing Amendments
9 of 1955 plus the amount of any adjustments under the last
10 sentence of this paragraph. Such debentures shall be in such
11 form and denominations and shall have such other character-
12 istics as shall be determined by the Corporation, but shall
13 be subject to retirement only as provided in paragraph (2)
14 of this subsection. The debentures aforesaid shall be pur-
15 chased by the respective Federal Home Loan Banks in
16 proportion to the capital stock of the respective Federal
17 Home Loan Banks outstanding on the effective date of the
18 Housing Amendments of 1955. The Corporation shall pay
19 to each Federal Home Loan Bank, promptly after the end of
20 each fiscal year, a return on the average amount, at par,
21 of such debentures held by such bank during such fiscal year
22 at a rate determined by the Corporation, after consultation
23 with the Secretary of the Treasury, taking into considera-
24 tion the current average rate as of the last day of the sixth

1 month of such fiscal year on outstanding marketable obligations of the United States having a maturity from date of issue of not less than thirty months and not more than forty-two months. If the amount of such debentures to be issued to and purchased by any Federal Home Loan Bank, calculated under the foregoing provisions of this subsection, would not be a multiple of \$100, such amount shall be the next higher multiple of \$100.

9 “(2) The Corporation is authorized and directed to pay off and retire annually at par an amount of its debentures issued under this subsection equal to 50 per centum of its net income for the fiscal year. Such payments shall be made promptly after the end of each fiscal year (beginning with the first fiscal year which ends after the issuance of such debentures) until the entire amount of such debentures is retired.”

17 (c) Section 404 of the National Housing Act, as amended, is hereby amended (1) by adding the words “paid under subsection (d) or” after the words “any premium which may be” in subsection (c); and (2) by adding the following new subsection at the end thereof:

22 “(d) Effective for the premium year of each insured institution beginning next after the effective date of the Housing Amendments of 1955 and continuing through the first premium year of each insured institution beginning

1 next before that anniversary date of the effective date of
2 the Housing Amendments of 1955 which occurs next after
3 the date on which all debentures issued by the Corporation
4 under subsection (b) of section 402 of this Act shall have
5 been retired, the rate of the premium provided for in sub-
6 section (a) of section 404 shall be one-eighth of 1 per
7 centum in lieu of one-twelfth of 1 per centum."

8 (d) Subsection (e) of section 406 of the National Hous-
9 ing Act, as amended (12 U. S. C. 1729 (e)), is hereby
10 amended by striking the words "Housing and Home Finance
11 Administrator" and inserting in lieu thereof the word
12 "Congress".

13 (e) The National Housing Act, as amended, is hereby
14 amended by striking section 403 (d) and inserting:

15 "(d) Any institution which applies after the effective
16 date of the Housing Amendments of 1955 for insurance
17 under this title shall pay, in the event its application is
18 approved, an admission fee in such amount as the Corpora-
19 tion shall determine, taking into consideration the total cost
20 of processing all insurance applications."

21 COMMUNITY FACILITIES ADMINISTRATION

22 SEC. 113. Section 702 of the Housing Act of 1954 is
23 hereby amended to read as follows:

24 "SEC. 702. (a) In order (1) to encourage munici-
25 palities and other public agencies to maintain at all times

1 a current and adequate reserve of planned public works the
2 construction of which can rapidly be commenced, particu-
3 larly when the national or local economic situation makes
4 such action desirable, and (2) to help attain maximum
5 economy and efficiency in the planning and construction
6 of public works, the Administrator is hereby authorized
7 to make advances to public agencies (notwithstanding the
8 provisions of section 3648 of the Revised Statutes, as
9 amended) to aid in financing the cost of engineering and
10 architectural surveys, designs, plans, working drawings, spec-
11 ifications, or other action preliminary to and in preparation
12 for the construction of public works: *Provided*, That the
13 making of advances hereunder shall not in any way commit
14 the Congress to appropriate funds to assist in financing the
15 construction of any public works so planned: *And provided*
16 *further*, That advances outstanding to public agencies in any
17 one State shall at no time exceed 10 per centum of the
18 aggregate then authorized to be appropriated to the revolv-
19 ing fund established pursuant to subsection (e) of this
20 section.

21 “(b) No advance shall be made hereunder with respect
22 to any individual project unless it is planned to be con-
23 structed within a reasonable period of time, unless it con-
24 forms to an overall State, local, or regional plan approved by
25 a competent State, local, or regional authority, and unless

1 the public agency formally contracts with the Federal Gov-
2 ernment to complete the plan preparation promptly and to
3 repay such advance or part thereof when due. Subsequent
4 to approval and prior to disbursement of any Federal funds
5 for the purpose of advance planning, the applicant shall
6 establish a separate planning account into which all Federal
7 and applicant funds estimated to be required for plan prepa-
8 ration shall be placed.

9 “(c) Advances under this section to any public agency
10 shall be repaid without interest by such agency when the
11 construction of the public works is undertaken or started:
12 *Provided*, That if the public agency undertakes to construct
13 only a portion of a planned public work it shall repay such
14 proportionate amount of the advances relating to the public
15 work as the Administrator determines to be equitable: *And*
16 *provided further*, That in the event repayment is not made
17 promptly such unpaid sum shall bear interest at the rate
18 of 4 per centum per annum from the date of the Govern-
19 ment’s demand for repayment to the date of payment
20 thereof by the public agency.

21 “(d) The Administrator is authorized to prescribe
22 rules and regulations to carry out the purpose of this section.

23 “(e) In order to provide moneys for advances in ac-
24 cordance with this section, the Administrator is hereby

1 authorized to establish a revolving fund which shall comprise
2 all moneys heretofore or hereafter appropriated pursuant to
3 this section, together with all repayments and other receipts
4 in connection with advances made under this section. There
5 are hereby authorized to be appropriated to such revolving
6 fund, in addition to the amount authorized by this section
7 as originally enacted, the further amounts of \$12,000,000
8 which may be made available to the revolving fund on
9 or after July 1, 1956; \$12,000,000 which may be made
10 available to such fund on or after July 1, 1957; \$14,000,000
11 which may be made available to such fund on or after July 1,
12 1958; and such additional sums which may be made avail-
13 able from year to year thereafter as may be estimated
14 to be necessary to maintain not to exceed a total of
15 \$48,000,000 in undisbursed balances in the revolving fund
16 and in advances outstanding for plans in preparation or for
17 completed plans with respect to projects which, in the de-
18 termination of the Administrator, can be expected to be
19 undertaken within a reasonable period of time.”

20 SEC. 114. Effective upon the date of enactment of this
21 Act the basic rate of compensation of the Community Facili-
22 ties Commissioner of the Housing and Home Finance
23 Agency shall be the same as the basic rate of compensation
24 established for the heads of the constituent agencies of the
25 Housing and Home Finance Agency.

1 TITLE II—PUBLIC FACILITY LOANS

2 DECLARATION OF POLICY

3 SEC. 201. It has been the policy of the Congress to assist
4 wherever possible the States and their political subdivisions
5 to provide the services and facilities essential to the health
6 and welfare of the people of the United States.

7 The Congress finds that in many instances municipalities,
8 or other political subdivisions of States, which seek to provide
9 essential public works or facilities, are unable to raise the
10 necessary funds at reasonable interest rates.

11 It is the purpose of this title to authorize the extension
12 of credit to assist in the provision of certain essential public
13 works or facilities by States, municipalities, or other political
14 subdivisions of States, where such credit is not otherwise
15 available on reasonable terms and conditions.

16 FEDERAL LOANS

17 SEC. 202. (a) The Housing and Home Finance Admin-
18 istrator, acting through the Community Facilities Adminis-
19 tration, is authorized to purchase the securities and obligations
20 of, or make loans to, States, municipalities and other political
21 subdivisions of States, public agencies, and instrumentalities
22 of one or more States, municipalities and political subdivisions
23 of States, and public corporations, boards, and commissions
24 established under the laws of any State, to finance specific
25 public projects under State or municipal law. No such pur-

1 chase or loan shall be made for payment of ordinary gov-
2 ernmental or nonproject operating expenses.

3 (b) The powers granted in subsection (a) of this section
4 shall be subject to the following restrictions and limitations:

5 (1) No financial assistance shall be extended under this
6 section unless the financial assistance applied for is not other-
7 wise available on reasonable terms, and all securities and
8 obligations purchased and all loans made under this section
9 shall be of such sound value or so secured as reasonably to
10 assure retirement or repayment, and such loans may be
11 made either directly or in cooperation with banks or other
12 lending institutions through agreements to participate or by
13 the purchase of participations or otherwise.

14 (2) No securities or obligations shall be purchased, and
15 no loans shall be made, including renewals or extensions
16 thereof, which have maturity dates in excess of forty years.

17 (c) In the processing of applications for financial
18 assistance under this section the Administrator shall give
19 priority to applications of smaller municipalities for assistance
20 in the construction of basic public works (including works for
21 the storage, treatment, purification, or distribution of water;
22 sewage, sewage treatment, and sewer facilities; and gas dis-
23 tribution systems) for which there is an urgent and vital
24 public need. As used in this section, a "smaller municipal-
25 ity" means an incorporated or unincorporated town, or other

1 political subdivision of a State, which had a population of
2 less than ten thousand inhabitants at the time of the last
3 Federal census.

4 FINANCING

5 SEC. 203. (a) In order to finance activities under this
6 title, the Administrator is authorized and empowered to issue
7 to the Secretary of the Treasury, from time to time and to
8 have outstanding at any one time, in an amount not exceed-
9 ing \$100,000,000, notes and other obligations. Such obliga-
10 tions shall be in such forms and denominations, have such
11 maturities and be subject to such terms and conditions as
12 may be prescribed by the Administrator, with the approval
13 of the Secretary of the Treasury. Such notes or other obli-
14 gations shall bear interest at a rate determined by the Secre-
15 tary of the Treasury, taking into consideration the current
16 average rate on outstanding marketable obligations of the
17 United States of comparable maturities as of the last day of
18 the month preceding the issuance of such notes or other
19 obligations. The Secretary of the Treasury is authorized
20 and directed to purchase any notes and other obligations of
21 the Administrator to be issued hereunder and for such pur-
22 pose the Secretary of the Treasury is authorized to use as a
23 public debt transaction the proceeds from the sale of any
24 securities issued under the Second Liberty Bond Act, as
25 amended, and the purposes for which securities may be

1 issued under such Act, as amended, are extended to include
2 any purchases of such notes and obligations. The Secretary
3 of the Treasury may at any time sell any of the notes or
4 other obligations acquired by him under this section. All
5 redemptions, purchases, and sales by the Secretary of the
6 Treasury of such notes or other obligations shall be treated
7 as public debt transactions of the United States.

8 (b) Funds borrowed under this section and any pro-
9 ceeds shall constitute a revolving fund which may be used
10 by the Administrator in the exercise of his functions under
11 this title.

12 GENERAL PROVISIONS

13 SEC. 204. In the performance of, and with respect to,
14 the functions, powers, and duties vested in him by this title
15 the Administrator shall (in addition to any authority other-
16 wise vested in him) have the functions, powers, and duties
17 set forth in section 402, except subsection (c) (2), of the
18 Housing Act of 1950. Funds obtained or held by the Ad-
19 ministrator in connection with the performance of his func-
20 tions under this title shall be available for the administrative
21 expenses of the Administrator in connection with the per-
22 formance of such functions.

23 SEC. 205. No loans shall be made under section 108 of
24 the Reconstruction Finance Corporation Liquidation Act (67
25 Stat. 230), as amended, after the date of enactment of this

1 Act, except pursuant to an application for such loan filed
2 prior to such date.

3 TITLE III—COLLEGE HOUSING

4 SEC. 301. Section 401 of title IV of the Housing Act of
5 1950, as amended, is hereby amended to read as follows:

6 “SEC. 401. (a) To assist educational institutions in
7 providing housing and other educational facilities for stu-
8 dents and faculties, the Administrator may make loans of
9 funds to such institutions for the construction of such facili-
10 ties: *Provided*, That (1) no such loan shall be made unless
11 the educational institution shows that it is unable to secure
12 the necessary funds for such construction from other sources
13 upon terms and conditions equally as favorable as the terms
14 and conditions applicable to loans under this title, and (2)
15 no such loan shall be made unless the Administrator finds
16 that the construction will be undertaken in an economical
17 manner, and that it will not be of elaborate or extravagant
18 design or materials.

19 “(b) Any educational institution which, prior to the
20 date of enactment of this Act, has contracted for housing
21 or other educational facilities may, in connection therewith,
22 receive loans authorized under this title, as the Administra-
23 tor may determine: *Provided*, That no such loan shall be
24 made for any housing or other educational facilities, the
25 construction of which was begun prior to the effective date

1 of this Act, or completed prior to the filing of an applica-
2 tion under this title.

3 “(c) A loan to an educational institution may be in
4 an amount not exceeding the total development cost of the
5 facility, as determined by the Administrator; shall be secured
6 in such manner and be repaid within such period, not exceed-
7 ing fifty years, as may be determined by him;
8 and with respect to loan contracts under which loan funds
9 have not been fully disbursed prior to the date of
10 enactment of the College Housing Amendments of 1955
11 shall bear interest at a rate determined by the Admin-
12 istrator which shall be not more than the higher of (1) $2\frac{3}{4}$
13 per centum per annum, or (2) the total of one-quarter of
14 1 per centum per annum added to the rate of interest paid
15 by the Administrator on funds obtained from the Secretary
16 of the Treasury as provided in subsection (e) of this section.

17 “(d) To obtain funds for loans under this title, the
18 Administrator may issue and have outstanding at any one
19 time notes and obligations for purchase by the Secretary of
20 the Treasury in an amount not to exceed \$500,000,000:
21 *Provided*, That the amount outstanding for other educa-
22 tional facilities, as defined herein, shall not exceed
23 \$100,000,000.

24 “(e) Notes or other obligations issued by the Adminis-
25 trator under this title shall be in such forms and denomina-

1 tions, have such maturities, and be subject to such terms
2 and conditions as may be prescribed by the Administrator,
3 with the approval of the Secretary of the Treasury. Such
4 notes or other obligations issued to obtain funds for loan con-
5 tracts entered into after the effective date of the College
6 Housing Amendments of 1955 shall bear interest at a rate
7 determined by the Secretary of the Treasury which shall be
8 not more than the higher of (1) $2\frac{1}{2}$ per centum per annum,
9 or (2) the average annual interest rate on all interest-
10 bearing obligations of the United States then forming a part
11 of the public debt as computed at the end of the fiscal year
12 next preceding the issuance by the Administrator and
13 adjusted to the nearest one-eighth of 1 per centum. The
14 Secretary of the Treasury is authorized and directed to
15 purchase any notes and other obligations of the Adminis-
16 trator issued under this title and for such purpose is author-
17 ized to use as a public-debt transaction the proceeds from
18 the sale of any securities issued under the Second Liberty
19 Bond Act, as amended, and the purposes for which securities
20 may be issued under such Act, as amended, are extended
21 to include any purchases of such notes and other obligations.
22 The Secretary of the Treasury may at any time sell any
23 of the notes or other obligations acquired by him under
24 this section. All redemptions, purchases, and sales by the
25 Secretary of the Treasury of such notes or other obliga-

1 tions shall be treated as public-debt transactions of the
2 United States.

3 “(f) There are hereby authorized to be appropriated
4 to the Administrator such sums as may be necessary, to-
5 gether with loan principal and interest payments made by
6 educational institutions assisted hereunder, for payments on
7 notes or other obligations issued by the Administrator under
8 this section.”

9 SEC. 302. That subsection (c) of section 404 of title
10 IV of the Housing Act of 1950, as amended, is hereby
11 amended to read as follows:

12 “(c) ‘Development cost’ means costs of the construc-
13 tion of the housing or other educational facilities and the
14 land on which it is located, including necessary site im-
15 provements to permit its use for housing or other educa-
16 tional facilities.”

17 SEC. 303. Section 404 of title IV of the Housing Act
18 of 1950, as amended, is amended by—

19 (1) striking out subsection (b) and inserting in
20 lieu thereof the following:

21 “(b) ‘Educational institution’ means (1) any educa-
22 tional institution offering at least a two-year program
23 acceptable for full credit toward a baccalaureate degree,
24 including any public educational institution, or any private
25 educational institution no part of the net earnings of which

1 inures to the benefit of any private shareholder or individual,
 2 and (2) any educational or philanthropic corporation (no
 3 part of the net earnings of which inures to the benefit of
 4 any private shareholder or individual) (A) established by
 5 any institution included in clause (1) of this subsection for
 6 the sole purpose of providing housing or other educational
 7 facilities for students or students and faculty of such insti-
 8 tution without regard to their membership in or affiliation
 9 with any social, fraternal, or honorary society or organiza-
 10 tion, and (B) upon dissolution of which all title to any
 11 property purchased or built from the proceeds of any loan
 12 secured under this title will pass to such institution.”; and

13 (2) adding at the end thereof the following new
 14 subsection:

15 “(h) ‘Other educational facilities’ means (1) new struc-
 16 tures suitable for use as cafeterias or dining halls, student
 17 centers or student unions, infirmaries or other inpatient or
 18 outpatient health facilities, and for other essential service
 19 facilities, and (2) structures suitable for the above uses
 20 provided by rehabilitation, alteration, conversion, or im-
 21 provement of existing structures which are otherwise inade-
 22 quate for such uses.”.

23 SEC. 304. This title may be cited as the “College
 24 Housing Amendments of 1955”.

1 TITLE IV—ARMED SERVICES HOUSING
2 MORTGAGE INSURANCE

3 SEC. 401. Title VIII of the National Housing Act, as
4 amended, is hereby amended to read as follows:

5 “TITLE VIII—ARMED SERVICES HOUSING
6 MORTGAGE INSURANCE

7 “SEC. 801. As used in this title—

8 “(a) The term ‘mortgage’ means a first mortgage on
9 real estate, in fee simple, or on a leasehold (1) under a
10 lease for not less than ninety-nine years which is renewable;
11 or (2) under a lease for a period of not less than fifty years
12 to run from the date the mortgage was executed; and the
13 term ‘first mortgage’ means such classes of first liens as are
14 commonly given to secure advances on, or the unpaid pur-
15 chase price of, real estate, under the laws of the State in
16 which the real estate is located, together with the credit
17 instruments, if any, secured thereby.

18 “(b) The term ‘mortgagee’ includes the original lender
19 under a mortgage, and his successors and assigns approved
20 by the Commissioner; and the term ‘mortgagor’ includes
21 the original borrower under a mortgage, his successors and
22 assigns (including the United States acting through the
23 Secretary of Defense or his designee, and his assigns).

24 “(c) The term ‘maturity date’ means the date on which
25 the mortgage indebtedness would be extinguished if paid in

1 accordance with periodic payments provided for in the
2 mortgage.

3 “(d) The term ‘housing accommodations’ means hous-
4 ing designed for occupancy by military personnel and their
5 dependents, assigned to duty at or near the military installa-
6 tion where such housing units are constructed.

7 “(e) The term ‘personnel’ shall include personnel of
8 the military and civilian personnel approved by the Secre-
9 tary of Defense, or his designee, and the dependents of all
10 such personnel.

11 “(f) The term ‘military’ includes Army, Navy, Marine
12 Corps, Air Force, and Coast Guard.

13 “(g) The term ‘State’ includes the several States and
14 Alaska, Hawaii, Puerto Rico, the District of Columbia,
15 Guam, and the Virgin Islands.

16 “SEC. 802. The Military Housing Insurance Fund
17 created by this section prior to amendment thereto shall
18 hereafter be known as the Armed Services Housing Mort-
19 gage Insurance Fund. General expenses of operation of
20 the Federal Housing Administration under this title (in-
21 cluding operations with respect to mortgages insured or to
22 be insured pursuant to this title prior to enactment of the
23 Housing Amendments of 1955) may be charged to the
24 Armed Services Housing Mortgage Insurance Fund.

25 “SEC. 803. (a) In order to assist in relieving the acute

1 shortage and urgent need for family housing which now
2 exists at or in areas adjacent to military installations because
3 of uncertainty as to the permanency of such installations and
4 to increase the supply of necessary family housing accommo-
5 dations for personnel at such installations, the Commissioner
6 is authorized, upon application of the mortgagee, to insure
7 mortgages (including advances on such mortgages during
8 construction) which are eligible for insurance as hereinafter
9 provided, and, upon such terms as the Commissioner may
10 prescribe, to make commitments for so insuring such mort-
11 gages prior to the date of their execution or disbursement
12 thereon: *Provided*, That the aggregate amount of principal
13 obligations of all mortgages insured under this title shall not
14 exceed \$1,485,000,000: *And provided further*, That the
15 limitation in section 217 of this Act shall not apply to this
16 title: *And provided further*, That no mortgage shall be in-
17 sured under this title after June 30, 1958, except pursuant
18 to a commitment to insure issued before such date.

19 “(b) To be eligible for insurance under this title a
20 mortgage shall meet the following conditions:

21 “(1) The mortgaged property shall be held by a mort-
22 gator approved by the Commissioner. The Commissioner
23 may, in his discretion, require such mortgator to be regu-
24 lated or restricted as to capital structure, and methods of
25 operation. The Commissioner may make such contracts

1 with, and acquire for not to exceed \$100 stock or interest
2 in, any such mortgagor, as the Commissioner may deem nec-
3 essary to render effective such restriction or regulation. Such
4 stock or interest shall be paid for out of the Armed Services
5 Housing Mortgage Insurance Fund, and shall be redeemed
6 by the mortgagor at par upon the termination of all obliga-
7 tions of the Commissioner under the insurance.

8 “(2) The mortgaged property shall be designed for use
9 for residential purposes by personnel of the armed services
10 and situated at or near a military installation, and the Secre-
11 tary shall have certified that there is no intention, so far as
12 can reasonably be foreseen, to curtail the personnel assigned
13 or to be assigned to such installation, and (i) shall have
14 determined that for reasons of safety, security, or other
15 essential military requirements, it is necessary that the
16 personnel involved reside in public quarters, or (ii) after
17 consultation with the Housing and Home Finance Admin-
18 istrator, shall have determined that adequate housing is not
19 available for such personnel (and cannot otherwise be ac-
20 quired or provided when needed from public or private
21 sources) at reasonable rentals within reasonable commuting
22 distance of the installation. The housing accommodations
23 shall comply with such standards and conditions as the
24 Commissioner may prescribe to establish the acceptability
25 of such property for mortgage insurance, except that the

1 certification of the Secretary of Defense, or his designee,
2 shall (for purposes of mortgage insurance under this title)
3 be conclusive evidence to the Commissioner of the existence
4 of the need for such housing. However, if the Commis-
5 sioner does not concur in the housing needs as certified
6 by the Secretary, the Commissioner may require the Sec-
7 retary to guarantee the Armed Services Housing Mortgage
8 Insurance Fund from loss with respect to the mortgage
9 covering such housing.

10 “(3) The mortgage shall involve a principal obligation
11 in an amount—

12 “(A) not to exceed the amount which the Com-
13 missioner estimates will be the replacement cost of
14 the property or project when the proposed improvements
15 are completed (the cost of the property or project as
16 such term is used in this paragraph may include the
17 cost of the land, the physical improvements, and utili-
18 ties within the boundaries of the property or project) ;

19 “(B) not to exceed an average of \$13,500 per
20 family unit for such part of such property or project
21 as may be attributable to dwelling use: *Provided*,
22 That the replacement cost of the property or project
23 as determined by the Commissioner, including the
24 estimated value of the utilities within the bound-
25 aries of the property or project where owned by the

1 United States and not provided for out of the proceeds
2 of the mortgage, shall not exceed an average of
3 \$13,500 per family unit; and

4 “(C) not to exceed the bid of the eligible builder
5 of the property or project under section 403 of the
6 Housing Amendments of 1955.

7 The mortgage shall provide for complete amortization by
8 periodic payments within such terms as the Commissioner
9 shall prescribe, have a maturity not to exceed thirty
10 years, and shall bear interest (exclusive of premium charges
11 for insurance) at not to exceed 4 per centum per annum
12 of the amount of the principal obligation outstanding at any
13 time. The Commissioner may consent to the release of a
14 part or parts of the mortgaged property from the lien of the
15 mortgage upon such terms and conditions as he may
16 prescribe and the mortgage may provide for such release.

17 “(c) The Commissioner is authorized to fix a premium
18 charge for the insurance of mortgages under this title but
19 in the case of any mortgage such charge shall not be less
20 than an amount equivalent to one-half of 1 per centum per
21 annum nor more than an amount equivalent to $1\frac{1}{2}$ per
22 centum per annum of the amount of the principal obliga-
23 tion of the mortgage outstanding at any time, without taking
24 into account delinquent payments or prepayments. Such
25 premium charges shall be payable by the mortgagee, either

1 in cash, or in debentures issued by the Commissioner under
2 this title at par plus accrued interest, in such manner as
3 may be prescribed by the Commissioner: *Provided*, That the
4 Commissioner may require the payment of one or more
5 such premium charges at the time the mortgage is insured,
6 at such discount rate as he may prescribe not in excess
7 of the interest rate specified in the mortgage. If the Com-
8 missioner finds, upon the presentation of a mortgage for
9 insurance and the tender of the initial premium charge and
10 such other charges as the Commissioner may require, that
11 the mortgage complies with the provisions of this title, such
12 mortgage may be accepted for insurance by endorsement or
13 otherwise as the Commissioner may prescribe. In the event
14 that the principal obligation of any mortgage accepted for
15 insurance under this title is paid in full prior to the maturity
16 date, the Commissioner is authorized to refund to the mort-
17 gagee for the account of the mortgagor all, or such por-
18 tion as he shall determine to be equitable, of the current
19 unearned premium charges theretofore paid.

20 “(d) The failure of the mortgagor to make any pay-
21 ment due under or provided to be paid by the terms of a
22 mortgage insured under this title shall be considered a de-
23 fault under such mortgage, and, if such default continues for
24 a period of thirty days, the mortgagee shall be entitled to
25 receive the benefits of the insurance as hereinafter provided,

1 upon assignment, transfer, and delivery to the Commissioner,
2 within a period and in accordance with rules and regulations
3 to be prescribed by the Commissioner of (1) all rights and
4 interest arising under the mortgage so in default; (2) all
5 claims of the mortgagee against the mortgagor or others,
6 arising out of the mortgage transactions; (3) all policies of
7 title or other insurance or surety bonds or other guaranties
8 and any and all claims thereunder; (4) any balance of the
9 mortgage loan not advanced to the mortgagor; (5) any cash
10 or property held by the mortgagee, or to which it is entitled,
11 as deposits made for the account of the mortgagor and which
12 have not been applied in reduction of the principal of the
13 mortgage indebtedness; and (6) all records, documents,
14 books, papers, and accounts relating to the mortgage trans-
15 action. Upon such assignment, transfer, and delivery, the
16 obligation of the mortgagee to pay the premium charges for
17 mortgage insurance shall cease, and the Commissioner shall,
18 subject to the cash adjustment provided for in subsection (e)
19 of this section, issue to the mortgagee debentures having a
20 total face value equal to the value of the mortgage, and a
21 certificate of claim as hereinafter provided. For the pur-
22 poses of this subsection, the value of the mortgage shall
23 be determined in accordance with rules and regulations pre-
24 scribed by the Commissioner, by adding to the amount of the
25 original principal obligation of the mortgage which was un-

1 paid on the date of default, the amount the mortgagee may
2 have paid for (A) taxes, special assessments, and water
3 rates, which are liens prior to the mortgage; (B) insurance
4 on the property; and (C) reasonable expenses for the com-
5 pletion and preservation of the property and any mortgage
6 insurance premiums paid after default; less the sum of (i)
7 any amount received on account of the mortgage after such
8 date; and (ii) any net income received by the mortgagee
9 from the property after such date. Upon assignment, the
10 obligation of the mortgagee to pay the premium charges for
11 insurance shall cease and the mortgagee shall be entitled to
12 receive the benefits of the insurance as provided in this sub-
13 section.

14 “(e) Debentures issued under this title shall be in such
15 form and denominations in multiples of \$50, shall be subject
16 to such terms and conditions, and shall include such pro-
17 visions for redemption, if any, as may be prescribed by the
18 Commissioner with the approval of the Secretary of the
19 Treasury, and may be in coupon or registered form. Any
20 difference between the value of the mortgage determined
21 as herein provided and the aggregate face value of the deben-
22 tures issued, not to exceed \$50, shall be adjusted by the pay-
23 ment of cash by the Commissioner to the mortgagee from
24 the Armed Services Housing Mortgage Insurance Fund.

25 “(f) Debentures issued under this title shall be executed

1 in the name of the Armed Services Housing Mortgage
2 Insurance Fund as obligor, shall be signed by the Commis-
3 sioner, by either his written or engraved signature, and shall
4 be negotiable. All such debentures shall be dated as of the
5 date of default as determined in accordance with subsection
6 (d) of this section, and shall bear interest from such date
7 at a rate determined by the Commissioner with the approval
8 of the Secretary of the Treasury, at the time the mortgage
9 was accepted for insurance, but not to exceed 3 per centum
10 per annum, payable semiannually on the 1st day of January
11 and the 1st day of July of each year, and shall mature twenty
12 years after the date thereof. Such debentures shall be
13 exempt, both as to principal and interest, from all taxation
14 (except surtaxes, estate, inheritance, and gift taxes) now
15 or hereafter imposed by any Territory, dependency, or
16 possession of the United States or by the District of Colum-
17 bia, or by any State, county, municipality, or local taxing
18 authority. They shall be paid out of the Armed Services
19 Housing Mortgage Insurance Fund, which shall be primarily
20 liable therefor, and they shall be fully and unconditionally
21 guaranteed as to principal and interest by the United States,
22 and such guaranty shall be expressed on the face of the
23 debentures. In the event the Armed Services Housing
24 Mortgage Insurance Fund fails to pay upon demand, when
25 due, the principal of or interest on any debentures so guaran-

1 teed, the Secretary of the Treasury shall pay to the holders
2 the amount thereof which is hereby authorized to be appro-
3 priated, and thereupon to the extent of the amount so paid
4 the Secretary of the Treasury shall succeed to all the rights
5 of the holders of such debentures.

6 “(g) The certificate of claim issued by the Commissioner
7 to any mortgagee in connection with the insurance of mort-
8 gages under this title shall be for an amount determined in
9 accordance with subsections (e) and (f) of section 604 of
10 this Act, except that any amount remaining after the pay-
11 ment of the full amount under the certificate of claim shall
12 be retained by the Commissioner and credited to the Armed
13 Services Housing Mortgage Insurance Fund.

14 “(h) The provisions of section 207 (k) and section
15 207 (l) of this Act shall be applicable to mortgages insured
16 under this title and to property acquired by the Commissioner
17 hereunder, except that as applied to such mortgages and
18 property (1) all references in such sections to the ‘Housing
19 Fund’ shall be construed to refer to the ‘Armed Services
20 Housing Mortgage Insurance Fund’, and (2) the reference
21 in section 207 (k) to ‘subsection (g)’ shall be construed
22 to refer to ‘subsection (d)’ of this section.

23 “(i) The Commissioner shall also have power to insure
24 under this title or title II any mortgage executed in connec-
25 tion with the sale by him of any property acquired under

1 this title without regard to any limit as to eligibility, time
2 or aggregate amount contained in this title or title II.

3 “(j) Any contract of insurance executed by the Com-
4 missioner under this title shall be conclusive evidence of the
5 eligibility of the mortgage for insurance and the validity
6 of any contract of insurance so executed shall be incontestable
7 in the hands of an approved mortgagee from the date of
8 the execution of such contract, except for fraud or misrep-
9 resentation on the part of such approved mortgagee.

10 “SEC. 804. (a) Moneys in the Armed Services Housing
11 Mortgage Insurance Fund not needed for current operations
12 under this title shall be deposited with the Treasurer of the
13 United States to the credit of the Armed Services Housing
14 Mortgage Insurance Fund, or invested in bonds or other
15 obligations of, or in bonds or other obligations guaranteed
16 as to principal and interest by, the United States. The
17 Commissioner may, with the approval of the Secretary of
18 the Treasury, purchase in the open market debentures issued
19 under the provisions of this title. Such purchases shall be
20 made at a price which will provide an investment yield of
21 not less than the yield obtainable from other investments
22 authorized by this section. Debentures so purchased shall
23 be canceled and not reissued.

24 “(b) Premium charges, adjusted premium charges, and
25 appraisal and other fees, received on account of the insurance

1 of any mortgage insured under this title, the receipts derived
2 from any such mortgage or claim assigned to the Commis-
3 sioner and from any property acquired by the Commissioner,
4 and all earnings on the assets of the Armed Services Housing
5 Mortgage Insurance Fund, shall be credited to the Armed
6 Services Housing Mortgage Insurance Fund. The principal
7 of and interest paid and to be paid on debentures issued in
8 exchange for any mortgage or property insured under this
9 title, cash adjustments, and expenses incurred in the handling
10 of such mortgages or property and in the foreclosure and
11 collection of mortgages and claims assigned to the Commis-
12 sioner under this title, shall be charged to the Armed Services
13 Housing Mortgage Insurance Fund.

14 "SEC. 805. Whenever the Secretary of the Army, Navy,
15 or Air Force determines that it is necessary to lease any land
16 held by the United States on or near a military installation
17 to effectuate the purposes of this title, he may lease such land
18 upon such terms and conditions as will, in his opinion, best
19 serve the national interest. Whenever the Secretary of the
20 Army, Navy, or Air Force determines it to be in the
21 interest of national defense, he is hereby authorized to sell,
22 transfer, and convey at fair value (as determined by him),
23 for use under this title, all or any right, title, and interest
24 in any real property under his jurisdiction, notwithstanding

1 any limitations or requirements of law with respect to the
2 use or disposition of such property. The authority conferred
3 by this section shall be in addition to and not in derogation
4 of any other power or authority of the Secretary of the
5 Army, Navy, or Air Force.

6 "SEC. 806. The second sentence of section 214 of the
7 National Housing Act, as amended, relating to housing in
8 the Territory of Alaska, shall not apply to mortgages insured
9 under this title on property in said Territory.

10 "SEC. 807. Nothing in this title shall be construed to
11 exempt any real property after being acquired and held by
12 the Commissioner under section 803 (d) of this title from
13 taxation by any State or political subdivision thereof, to the
14 same extent, according to its value, as other real property is
15 taxed.

16 "SEC. 808. The Commissioner is authorized and directed
17 to make such rules and regulations as may be necessary to
18 carry out the provisions of this title. In the performance of,
19 and with respect to, the functions, powers, and duties vested
20 in him by this title, the Commissioner, notwithstanding the
21 provisions of any other law, shall appoint a Special Assistant
22 for Armed Services Housing for Mortgage Insurance, and
23 provide the Special Assistant with adequate staff, whose
24 whole responsibility will be to expedite operations under this

1 title and to eliminate administrative obstacles to the full
2 utilization of this title under the direction and supervision of
3 the Commissioner.

4 "SEC. 809. The cost certification required under section
5 227 of this Act shall not be required with respect to mort-
6 gages insured under the provisions of this title as amended
7 by the Housing Amendments of 1955."

8 SEC. 402. Section 305 of the National Housing Act,
9 as amended, is amended by adding the following at the end
10 thereof:

11 "(f) Notwithstanding any other provision of this Act,
12 the Association is authorized to make commitments to pur-
13 chase and to purchase, service, or sell, any mortgage (or
14 participation therein) which is insured under title VIII of
15 this Act, as amended by the Housing Amendments of 1955."

16 SEC. 403. (a) The Secretary of Defense or his designee
17 is hereby authorized to enter into contracts with any eligible
18 builder to provide for the construction of urgently needed
19 housing on lands owned or leased by the United States and
20 situated on or near a military reservation or installation for
21 the purpose of providing suitable living accommodations for
22 military personnel of the armed services assigned to duty
23 at the military installation at or in the area where the housing
24 is situated. Any such contract shall contain such terms and
25 conditions as the Secretary may determine to be necessary

1 to protect the interests of the United States, including the
2 amount of the mortgage that the Federal Housing Commis-
3 sioner shall insure. Before the Secretary shall enter into any
4 contract with any builder as authorized by this section for
5 the construction of housing, he shall invite the submission
6 of competitive bids after advertising in the manner prescribed
7 in section 3 of the Armed Services Procurement Act of 1947.

8 (b) For the purposes of this title, the term "eligible
9 builder" means a person, partnership, firm, or corporation
10 determined by the Secretary after consultation with the
11 Commissioner (1) to be qualified by experience and finan-
12 cial responsibility to construct housing of the type described
13 in subsection (a) of this section, and (2) to have submitted
14 the lowest acceptable bid.

15 (c) Notwithstanding any other provision of law, the
16 Secretary of Defense or his designee is authorized to acquire,
17 by lease or otherwise, the housing constructed pursuant to
18 such contracts; to maintain and operate such housing; to
19 assume or guarantee the payment of notes, mortgages, or
20 other legal instruments, required by the Commissioner or the
21 mortgagee, of the owners or mortgagors or prospective owners
22 or mortgagors constructing housing projects insured under
23 title VIII of the National Housing Act, as amended by the
24 Housing Amendments of 1955; and to make payments
25 thereon; to guarantee the Armed Services Housing Mortgage

1 Insurance Fund against loss in the cases where so required;
2 but all rental or other payments made during any year in the
3 case of any housing so acquired shall not exceed an average
4 living unit payment of \$90 per month and, in the case of any
5 one of the military departments, total payments for all
6 housing so acquired shall not exceed \$9,000,000 per month:
7 *Provided, That, in the case of the United States Coast Guard,*
8 *total payments for all housing so acquired shall not exceed*
9 *\$900,000 per month.*

10 (d) The Secretary of Defense shall not acquire or
11 operate any housing under authority of this section unless
12 the Corps of Engineers, in the case of housing for Army or
13 Air Force personnel, the Chief of the Bureau of Yards and
14 Docks, in the case of housing for Navy or Marine personnel,
15 or the Office of Engineering, United States Coast Guard, in
16 the case of housing for Coast Guard personnel, has made a
17 thorough inspection of such housing and certifies that it has
18 been constructed in substantial conformity with the plans and
19 specifications.

20 SEC. 404. Whenever the Secretary of Defense or his
21 designee shall deem it necessary for the purposes of this title,
22 he may acquire by purchase, donation, or other means of
23 transfer, or may cause proceedings to be instituted in any
24 court having jurisdiction of such proceedings to acquire by
25 condemnation, any unimproved land, or any housing financed

1 with mortgages insured under the provisions of title VIII
2 of the National Housing Act as in effect prior to the enact-
3 ment of the Housing Amendments of 1955. Notwithstand-
4 ing the provisions of any other law, the price paid for
5 any such unimproved land or housing purchased by the
6 Secretary under this or any other law shall be the fair market
7 value of such land or housing as determined by the Secretary
8 on the basis of an independent appraisal, and, in connection
9 with any agreements to purchase such housing, the Secretary
10 of Defense or his designee may assume, or purchase subject
11 to, any such mortgage. Any such condemnation proceedings
12 shall be conducted in accordance with the provisions of the
13 Act of August 1, 1888 (25 Stat. 357), as amended, or any
14 other applicable Federal statute. Before condemnation pro-
15 ceedings are instituted pursuant to this section, an effort
16 shall be made to acquire the property involved by negotiation
17 unless, because of reasonable doubt as to the identity of the
18 owner or owners, because of the large number of persons
19 with whom it would be necessary to negotiate, or for other
20 reasons, the effort to acquire by negotiation would involve,
21 in the judgment of the Secretary, such delay in acquiring
22 the property as to be contrary to the interest of national
23 defense. In any condemnation proceeding instituted pursu-
24 ant to this section, the court shall not order the party in
25 possession to surrender possession in advance of final judg-

1 ment unless a declaration of taking has been filed, and a
2 deposit of the amount estimated to be just compensation has
3 been made, under the first section of the Act of February
4 26, 1931 (46 Stat. 1421), providing for such declarations.
5 Unless title is in dispute, the courts, upon application, shall
6 promptly pay to the owner at least 75 per centum of the
7 amount so deposited, but such payment shall be made without
8 prejudice to any party to the proceeding. Property acquired
9 under this section may be occupied, used, and improved for
10 the purposes of this section prior to the approval of title by
11 the Attorney General as required by section 355 of the
12 Revised Statutes, as amended.

13 SEC. 405. The Secretary of Defense or his designee is
14 authorized to assign quarters in any housing acquired under
15 this title to military personnel and civilian personnel ap-
16 proved by the Secretary of Defense or his designee and
17 the dependents of all such personnel. Quarters' allowances
18 or appropriate allotments, if any, of the personnel so assigned
19 may be withheld and used as provided in this title. Any
20 funds heretofore or hereafter authorized to be expended by
21 any of the military departments for the payment of allow-
22 ances for quarters for military personnel, or for other pur-
23 poses relating to dwelling accommodations, may be used
24 as provided in this section. Quarters' allowances and other
25 funds withheld from military personnel as herein provided

1 shall be deposited in a special account which shall be estab-
2 lished. Moneys in such special account shall be applied,
3 first, to payments of principal, interest, and insurance pre-
4 miums; second, to the payment of the expenses of opera-
5 tion and ordinary maintenance of such project; and third, to
6 the payment of an annual charge for the establishment of
7 a reasonable reserve for repairs, maintenance, and replace-
8 ment. Insofar as practicable each such project shall be
9 operated on a self-liquidating basis whereby all expenses
10 of capitalization, operation, and maintenance will be paid
11 from quarters' allowances or other funds withheld and
12 deposited hereunder in such special account.

13 SEC. 406. Whenever the Secretary of Defense or his
14 designee determines that it is desirable in order to effectuate
15 the purposes of this title, the Secretary is authorized, with-
16 out regard to the civil service and classification laws, to pro-
17 cure, by negotiation or otherwise, the services of architects
18 and engineers, or organizations thereof, under such arrange-
19 ments as he deems desirable, but at an expense not in excess
20 of that permissible under the schedule of fees allowed from
21 time to time by the Public Housing Administration in con-
22 nection with projects assisted under the United States Hous-
23 ing Act of 1937, as amended. Such services may include
24 the development of plans, drawings, and specifications for
25 family housing under this title and other services in connec-

1 tion therewith: *Provided*, That such plans, drawings, and
2 specifications may include the use on any project to be con-
3 structed under this title of alternate materials or alternate
4 types of construction, including prefabrication, that provide
5 substantially equal value and conform to standards estab-
6 lished by the Federal Housing Commissioner: *Provided*
7 *further*, That the Secretary may designate certain sites or
8 parts thereof for family housing to be furnished from pre-
9 fabricated houses or housing components. Such arrange-
10 ments may include provision for advance or progress pay-
11 ments, for payment by third parties, for payment by the
12 Government of any such compensation as is not paid for by
13 third parties, and shall include provision for reimbursement
14 by third parties to the Government of any compensation or
15 other expenses paid by the Government pursuant to this
16 section, and may include other provisions for compensation.
17 Any public works appropriations now or hereafter available
18 to the Departments of the Army, Navy, or Air Force
19 or the Coast Guard may be obligated by the respective
20 departments or the Coast Guard for these purposes.
21 Reimbursements to the Government on account of payments
22 made pursuant to this section shall be made to appropriations
23 against which such payments were charged. The Secretary
24 is further authorized to advance or pay to the Federal Hous-
25 ing Administration its "Appraisal and Eligibility Statement"

1 fees in connection with such family housing. The Secretary
2 is further authorized to enter into arrangements by contract
3 or otherwise for eventual acquisition by the Government,
4 without cost to the Government of all right, title, and interest
5 in sites on which housing is constructed pursuant to this title
6 and improvements thereon.

7 SEC. 407. (a) There are hereby authorized to be appro-
8 priated such sums as may be necessary to carry out the pro-
9 visions of sections 403 through 406 of this Act.

10 (b) Any funds heretofore or hereafter authorized to be
11 expended by any of the military departments or the Coast
12 Guard for the payment of allowances for quarters for military
13 personnel may be used for the purposes specified in sub-
14 section (a) above.

15 SEC. 408. Notwithstanding the provisions of section 401
16 of this Act, the provisions of title VIII of the National
17 Housing Act in effect prior to the enactment of the Housing
18 Amendments of 1955 shall continue in full force and effect
19 with respect to all mortgages insured pursuant to a certifi-
20 cation by the Secretary of Defense or his designee made on
21 or before June 30, 1955 and a commitment to insure issued
22 on or before June 30, 1956, except that the maximum dollar
23 amount for each such mortgage shall be \$12,500,000.

24 SEC. 409. (a) Wherever the terms "Secretary of De-
25 fense" or "Secretary" or "Secretary of the Army, Navy, or

1 Air Force” appear in this title or in title VIII of the Na-
2 tional Housing Act, as amended by the Housing Amend-
3 ments of 1955, they shall be deemed to mean the Secretary
4 of the Treasury in the case of the application of the pro-
5 visions of this title or of title VIII of the National Housing
6 Act, as amended by the Housing Amendments of 1955, for
7 the benefit of the United States Coast Guard.

8 (b) Wherever the term “armed services” appears in
9 this title it shall be deemed to include the United States
10 Coast Guard.

11 TITLE V—SMOKE ELIMINATION AND AIR POL-
12 LUTION PREVENTION

13 SEC. 501. The National Housing Act, as amended, is
14 amended by adding at the end thereof a new title as follows:

15 “TITLE X—SMOKE ELIMINATION AND AIR
16 POLLUTION PREVENTION

17 “SEC. 1001. The Congress hereby declares that smoke
18 elimination and air pollution prevention are important fac-
19 tors in the prevention and rehabilitation of slums and
20 blighted areas and in the conservation of the health and
21 property of the people of the United States. It is the ob-
22 jective of this title to assist in smoke elimination and air
23 pollution prevention by providing for research and loans.

24 “SEC. 1002. (a) The Secretary of Health, Education,

1 and Welfare (hereinafter referred to in this title as the
2 Secretary) shall undertake and conduct a program of tech-
3 nical research and studies concerned with (a) causes,
4 hazards, and effects of air pollution and excessive smoke,
5 (b) devices, structures, machinery, equipment, and methods
6 (including methods of selecting and using fuels) for the
7 prevention or elimination of excessive smoke and air pollu-
8 tion or the collection of atmospheric contaminants, and (c)
9 guidance and assistance to States and local communities in
10 smoke abatement and air pollution prevention and control.

11 “(b) Contracts may be made by the Secretary for
12 technical research and studies authorized by this section for
13 work to continue not more than four years from the date
14 of any such contract. Any unexpended balances of appro-
15 priations properly obligated by such contracting may remain
16 upon the books of the Treasury for not more than five fiscal
17 years before being carried to the surplus fund and covered
18 into the Treasury. All contracts made by the Secretary for
19 technical research and studies authorized by this or any other
20 Act shall contain requirements making the results of such
21 research or studies available to the public through dedication,
22 assignment to the Government, or such other means as the
23 Secretary shall determine. The Secretary shall disseminate,
24 and without regard to the provisions of section 306 of the

1 Penalty Mail Act of 1948, the results of such research and
2 studies in such form as may be most useful to industry and
3 to the general public.

4 “(c) In carrying out research and studies under this
5 title, the Secretary shall utilize, to the fullest extent feasible,
6 the available facilities of existing bureaus and offices within
7 the Department of Health, Education, and Welfare, other
8 departments, independent establishments, and agencies of the
9 Federal Government, and shall consult with, and make rec-
10 ommendations to, such other departments, independent es-
11 tablishments, and agencies with respect to such action as
12 may be necessary and desirable to overcome existing gaps
13 and deficiencies in available data with respect to excessive
14 smoke and air pollution causes, prevention, and control or
15 in the facilities available for the collection of such data. For
16 the purposes of this title, the Secretary is further authorized
17 to undertake research and studies cooperatively with agen-
18 cies of State or local governments, and educational institu-
19 tions, and other nonprofit organizations, and may, in addi-
20 tion to and not in derogation of any powers and authorities
21 conferred under any other Act—

22 “(1) with the consent of the agency or organiza-
23 tion concerned, accept and utilize equipment, facilities,
24 or the services of employees of any State or local public

1 agency or instrumentality, educational institution, or
2 nonprofit agency or organization and, in connection with
3 the utilization of such services, may make payments for
4 transportation while away from their homes or regular
5 places of business and per diem in lieu of subsistence en
6 route and at place of such service, in accordance with
7 the provisions of section 5 of Public Law 600, approved
8 August 2, 1946;

9 “(2) utilize, contract with, and act through, without
10 regard to section 3709 of the Revised Statutes, any
11 Federal, State, or local public agency or instrumentality,
12 educational institution, or nonprofit agency or organi-
13 zation with its consent, and any funds available to the
14 Secretary for carrying out his functions, powers, and
15 duties under this section shall be available to reimburse
16 or pay any such agency, instrumentality, institution, or
17 organization; and, whenever necessary in the judgment
18 of the Secretary, he may make advance, progress, or
19 other payments with respect to such contracts without
20 regard to the provisions of section 3648 of the Revised
21 Statutes; and

22 “(3) make expenditures for all necessary expenses,
23 including preparation, mounting, shipping, and installa-
24 tion of exhibits; purchase and exchange of technical

1 apparatus; and such other expenses as may, from time
2 to time, be found necessary in carrying out the Secre-
3 tary's functions, powers, and duties under this title.

4 “(d) In addition to the foregoing, the Secretary is
5 further authorized, for the purposes of this title, to make ar-
6 rangements for cooperative studies with industry and other
7 private organizations, and to make grants to public and
8 private agencies and institutions for research, training, and
9 demonstration projects.

10 “(e) There is hereby authorized to be appropriated to
11 carry out the purposes of this section, such sums as may
12 be necessary therefor.

13 “SEC. 1003. (a) The Housing and Home Finance
14 Administrator (hereinafter referred to in this title as the
15 Administrator) within the limits hereinafter provided, is
16 authorized to purchase the obligations of, and to make loans
17 to, any business enterprise to aid in financing the purchase,
18 installation, construction, reconstruction, or remodeling of
19 any device, structure, machinery, or equipment used or to
20 be used in connection with the enterprise's business activities
21 where the purchase, installation, construction, reconstruc-
22 tion, or remodeling would (1) substantially reduce the
23 amount of smoke or air pollution or contamination in the
24 community in which the device, structure, machinery, or
25 equipment is located or to be located, or (2) in conjunc-

1 tion with other proposed action in the community, substan-
2 tially reduce the amount of such smoke, pollution, or
3 contamination.

4 “(b) No financial assistance shall be extended pursuant
5 to this section unless (1) the financial assistance applied
6 for is not otherwise available on reasonable terms, and (2)
7 the Administrator finds that in the community in which
8 the financial assistance is to be used there exists a work-
9 able program for effectively dealing with the problem of
10 smoke or air pollution or contamination. All securities and
11 obligations purchased and all loans made shall be of such
12 sound value or so secured as reasonably to assure retirement
13 or repayment and such loans shall be made in cooperation
14 with banks or other lending institutions through agreements
15 to participate or by the purchase of participations, or other-
16 wise.

17 “(c) Loans made pursuant to this section may be made
18 subject to the condition that, if at any time or times or for
19 any period or periods during the life of the loan contract
20 the business enterprise can obtain loan funds from sources
21 other than the Federal Government at interest rates as low
22 as or lower than provided in the loan contract, it may do so
23 with the consent of the Administrator at such times and for
24 such periods without waiving or surrendering any rights to
25 loan funds under the contract for the remainder of the life of

1 such contract, and, in any such case, the Administrator is
2 authorized to consent to a pledge by the business enterprise
3 of the loan contract, and any or all of its rights thereunder,
4 as security for the repayment of the loan funds so obtained
5 from other sources.

6 “(d) The loans shall be repaid within such period, not
7 exceeding twenty years, as may be determined by the Ad-
8 ministrator, and shall bear interest at a rate determined by
9 the Administrator which shall be not less than 1 per centum
10 plus the base annual rate which the Secretary of the Treasury
11 shall specify as applicable to the six-month period (beginning
12 with the six-month period ending July 31, 1955) during
13 which the contract for the loans is made: *Provided*, That
14 such base annual rate for each six-month period shall be
15 determined by the Secretary of the Treasury by estimating
16 the average yield to maturity, on the basis of daily closing
17 market bid quotations or prices during the month of May or
18 the month of November, as the case may be, next preceding
19 such six-month period, on all outstanding marketable obli-
20 gations of the United States having a maturity date of fifteen
21 or more years from the first day of such month of May or
22 November, and by adjusting such estimated average annual
23 yield to the nearest one-eighth of 1 per centum.

24 “(e) The total amount of investments, loans, purchases,

1 and commitments made pursuant to this section shall not
2 exceed \$50,000,000 outstanding at any one time.

3 “(f) There are hereby authorized to be appropriated
4 such sums as may be necessary to carry out the purposes
5 of this section. Funds made available to the Administrator
6 pursuant to the provisions of this section shall be deposited in
7 a checking account or accounts with the Treasurer of the
8 United States. Receipts and assets obtained or held by the
9 Administrator in connection with the performance of his
10 functions under this section, and all funds available for carry-
11 ing out the functions of the Administrator under this section,
12 shall be available for any of the purposes of this section,
13 including administrative expenses of the Administrator in
14 connection with the performance of such functions.

15 “(g) Not more than 10 per centum of the funds pro-
16 vided for in this section in the form of loans shall be made
17 available within any one State.

18 “(h) In the performance of, and with respect to, the
19 functions, powers, and duties vested in him by this section
20 the Administrator shall (in addition to any authority other-
21 wise vested in him) have the functions, powers, and duties
22 set forth in section 402 (c), except subsection (2), of the
23 Housing Act of 1950.

24 “SEC. 1004. Nothing in this title shall be construed to

1 affect in any way the availability of amounts otherwise ap-
2 propriated for work in the field of smoke elimination and
3 air pollution prevention; nor to interfere with or diminish
4 any programs now being carried on by or through any
5 Federal agency for such purposes.”

6 TITLE VI—FARM HOUSING

7 SEC. 601. (a) Title V of the Housing Act of 1949, as
8 amended, is hereby further amended as follows:

9 (1) Section 501 (a) is amended by inserting after
10 “Farmers Home Administration,” the phrase “and to insure
11 loans,”.

12 (2) Section 502 is amended by adding the following
13 new subparagraph (c) :

14 “(c) (1) The Secretary is authorized to insure and make
15 commitments to insure loans made to eligible applicants
16 for the purposes specified in this title and to take as security
17 for the obligations entered into in connection with such
18 loans first or second mortgages on the farms with respect
19 to which such loans are made and such other security as
20 may be required by the Secretary. Such mortgages shall
21 create a lien running to the United States for the benefit
22 of the insurance fund, notwithstanding the fact that the
23 note may be held by the lender or his assignee. Loans
24 insured under this section shall bear interest at the rate
25 of not exceeding $4\frac{1}{2}$ per centum per annum and shall be

1 on such other terms and conditions as the Secretary may
2 prescribe, including agreement by the Secretary to re-
3 purchase such loans whether or not in default upon such
4 terms and conditions as the Secretary shall prescribe. The
5 Secretary shall require the borrower to pay such insurance
6 charges as he deems proper, taking into account the amount
7 of the loan and any prior liens: *Provided, however,* That
8 the charge shall be payable in advance at intervals of one
9 year or less and shall be at a rate equal to at least 1 per
10 centum of the principal outstanding on the loan on any due
11 date of the charge. One-half of all insurance charges shall
12 become a part of the fund and one-half shall be deposited
13 in the Treasury of the United States and shall be available
14 for administrative expenses in connection with the insurance
15 of loans.

16 “(2) The Secretary shall utilize the insurance fund
17 created by section 11 of the Bankhead-Jones Farm Tenant
18 Act, as amended, and the provisions of section 13 (b) and
19 (c) of said Act in connection with loans insured under this
20 section. The notes and security therefor acquired by the
21 Secretary shall become a part of the fund. The notes may
22 be held in the fund and collected according to their terms
23 or may be sold and, if necessary, reinsured. All proceeds
24 from such collections, including the liquidation of security
25 and the sale of notes, shall become a part of the fund.

1 “(3) The Secretary may utilize the fund for the pay-
2 ment of taxes, insurance, prior liens, foreclosure expenses,
3 and any other expenses incident to actions authorized by
4 section 510 (d) and (e) of this title.

5 “(4) Any loan insured under this section shall be an
6 obligation guaranteed by the United States as to principal
7 and interest and the insurance agreement shall be incontest-
8 able, except for fraud or misrepresentation of which the
9 holder has actual knowledge.

10 “(5) The aggregate amount of principal obligations
11 on loans insured under this section shall not exceed
12 \$25,000,000 in any one fiscal year.”

13 (3) In the first sentence of section 511 immediately fol-
14 lowing the phrase “July 1, 1953” strike out the word “and”
15 and insert at the end of the sentence immediately before the
16 period a comma and the following: “and an additional \$100,-
17 000,000 on and after July 1, 1955”.

18 (4) In section 512, (A) strike out “and 1954” and
19 insert “1954, and 1955”, and (B) strike out “and \$2,000,-
20 000” and insert “\$2,000,000 and \$2,000,000”.

21 (5) In section 513, strike out “and \$10,000,000 on
22 July 1 of each of the years 1950, 1951, 1952, 1953, and
23 1954” and insert “\$10,000,000, and \$10,000,000 on July
24 1 of each of the years 1950, 1951, 1952, 1953, 1954, and
25 1955”.

1 (b) The first paragraph of section 24, chapter 6, of the
2 Federal Reserve Act, as amended (12 U. S. C., 1952 edition,
3 371) is hereby amended by inserting after the phrase “or the
4 Act of August 28, 1937, as amended” the following, “or title
5 V of the Housing Act of 1949, as amended”.

Passed the Senate June 7, 1955.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

JUNE 13, 1955

Referred to the Committee on Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 28, 1955

For actions of June 27, 1955

84th-1st, No. 108

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House passed bills to extend public debt limit, to decrease interest to 3% on disaster loans, and to extend emergency loans. House committees reported foreign aid bill, housing bill, and reserve forces bill. Senate passed measure for commission to study security program. Sen. Humphrey expressed displeasure with USDA regarding wheat referendum.

SENATE

- PERSONNEL.** The Post Office and Civil Service Committee reported with amendments S. 59, to amend the Civil Service Retirement Act (S. Rept. 672) (p.7861). Passed as reported S. J. Res. 21, providing for the establishment of a Commission on Government Security, which will make a final report to Congress and the President on March 31, 1956 (pp. 7876, 7878-7901).
- FOREST ROADS.** Senate conferees were appointed on S. 1464, to authorize the Secretary of Interior to acquire certain rights-of-way and timber access roads (p. 7873). House conferees have not been appointed. Received a resolution from the California Legislature urging that Forest Highway Route 74 be undertaken as soon as possible (p. 7860).
- WHEAT CONTROLS.** Sen. Humphrey noted with approval the acceptance by wheat producers of controls in the recent referendum and suggested that this action was in spite of the lack of a comprehensive program on the part of the Department of Agriculture (pp. 7906-7).

4. LANDS, TRANSFER. Passed without amendment H. R. 2973, to transfer certain lands in Macon County, Ga. to the Georgia State Board of Education. Rejected a Morse amendment that would have provided that the Georgia State Board of Education pay to Farmers Home Administration half of the assessed market value of the land (pp. 7907-8). This bill will now be sent to the President.
5. RURAL ELECTRIFICATION. Sen. Humphrey inserted a resolution from Freeborn-Mower Cooperative Light and Power Association condemning the Hoover Commission's recommendation "that REA be abolished" (p. 7861).
6. WILDLIFE. The Interstate and Foreign Commerce Committee reported with amendments S. 756, relating to ~~US States~~ States in wildlife preservation (S. Rept. 638) (p. 7861).
7. EDUCATION. Sen. Mundt commented favorably on the exchange-of-persons program and inserted a newspaper editorial urging a larger appropriation for the program (pp. 7872-3).
8. CONTRACTS. Passed over S. 1644, to prescribe policy and procedure in connection with construction contracts made by executive agencies (p. 7876).
Senate and House conferees were appointed on H. R. 4904, to extend the Renegotiation Act of 1951 for two years (pp. 7909, 7914).
9. MINING; FORESTS. S. 1713, the mining-forests bill, was continued as the pending business (p. 7901).
10. LEGISLATIVE PROGRAM. Sen. Johnson scheduled for consideration at an early date S. 1633, relating to a constitutional convention in Alaska; S. 1292, to readjust postal classification on educational and cultural materials; S. 2220, to authorize appropriations for certain construction by the Atomic Energy Commission; and S. 1849, to provide for the grant of career conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment. He hoped that consideration of the conference reports on the appropriation bills for the Departments of State, Justice, and the Judiciary; Labor, Health and Welfare; Defense; and Commerce, could be made by Thursday. Also possibly action on the draft bill by Thursday if the House acts. (pp. 7901-2)

HOUSE

11. FOREIGN AID. The Rules Committee reported a resolution for the consideration of S. 2090, the mutual security bill (p. 7954). The Foreign Affairs Committee, during adjournment on June 24, reported this bill with amendment (H. Rept. 912) (p. 7954). Part 2 of the report, Minority Views, was received June 27 (p. 7954). For provisions of this bill as ordered reported see Digest No. 105, item 19.
12. HOUSING. The Banking and Currency Committee, during adjournment on June 25, reported with amendment S. 2126, to extend and clarify laws relating to the provision and improvement of housing (H. Rept. 913) (p. 7954).
13. DEBT LIMIT. Passed, 267 to 56, without amendment H. R. 6992, to extend for 1 year the existing temporary increase in the public debt limit (pp. 7910-4). The Ways and Means Committee, earlier in the day, had reported this bill without amendment (H. Rept. 914) (p. 7954).

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 29, 1955
For actions of June 28, 1955
84th-1st, No. 109

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HIGHLIGHTS: Senate passed forest mining bill. Senate committee ordered reported bill to amend Farm Tenant Act. Both Houses passed measure to extend Defense Production Act through July. House debated mutual security bill. Both Houses agreed to conference report on selective service. House received conference report on Commerce appropriation bill. President approved Federal employees pay bill.

HOUSE

1. FOREIGN AID. Began debate on S. 2090, to amend the Mutual Security Act of 1954 (pp. 8014, 8025-51).

In reporting this bill, the committee added provisions to exempt the shipment of surplus agricultural commodities, either under the Mutual Security Act or Public Law 480, from the requirement that at least half of Government shipments must be made on U. S. flag vessels. The Senate provision would merely have modified present legislation to the extent of exempting shipments between foreign countries, under the mutual security program.

The committee report includes the following statement regarding the requirement for exportation of surplus agricultural commodities through the mutual security program:

"Existing law requires that not less than \$350 million of the funds made available pursuant to this act must be used to finance the export and sale for foreign currencies for surplus agricultural commodities. This subsection is so worded as to add \$250 million to this, making the total \$600 million, including last year's authorization. This means that \$600 million of fiscal 1955 and 1956 funds must be used only to finance surplus agricultural commodities. Present indications are that more than \$350 million of fiscal 1955 funds will be used for this purpose. As a consequence, it is probable that less than \$250 million will be used in this manner in fiscal 1956.

"This constitutes a reduction of \$100 million below last year's requirement and \$50 million below the requirement of the Senate bill. The committee's action is based on its belief that since much less economic aid is provided to Europe under the present bill, where the principal markets for agricultural products are located, it will not be possible to use a larger quantity of such products in the aid program."

As reported in the House, the bill authorizes total appropriations of \$3,285,800,000, which is \$139,200,000 less than the Senate figure.

2. HOUSING. In reporting S. 2126, the housing bill (see Digest 108), the committee agreed to the provision in the Senate bill making available 100,000,000 additional for farm housing loans, \$2,000,000 additional to permit payment of annual contributions in connection with such loans, and 10,000,000 additional for special grants and loans to make farm housing safe and sanitary. However, the House committee struck out the authorization, contained in the Senate version of the bill, for such loans to be made on an insured basis. Regarding this provision, the committee report includes the following statement: "Last year your committee reported and the Congress enacted as part of the Housing Act of 1954 a similar extension of the title V program. Your committee deeply regrets that the executive branch of the Government did not see fit to request any funds to carry out the intent of the Congress in this matter. As a result, the title V farm-housing program has been dormant since June 30, 1954. It is the hope of your committee that this act of omission will not be repeated this year."

The House committee eliminated the authorization for a program of research and loans to assist in elimination of air pollution. The committee report explains that this action was taken because of Senate passage and House committee approval of S. 928, a separate bill for this purpose.

The House committee adopted an amendment authorizing the conveyance of farm labor camps to local public-housing agencies without payment for the property. The amendment would require such agencies to give first preference in the occupancy of the farm labor camps to low-income agricultural workers and their families and second preference to other low-income persons and their families. The projects would be required to be used for these purposes and other public purposes for 10 years from the date of conveyance.

The House committee agreed to the Senate provision eliminating the separate limitation of \$100,000,000 for farm-housing mortgages insured by the Federal Housing Administration. The committee report indicates that this action was taken to simplify administration.

No change was made by the House committee in the Senate provision authorizing expansion of, and making permanent, the public works advance planning program.

3. AIR POLLUTION. The Interstate and Foreign Commerce Committee reported with amendment S. 928, to provide research and technical assistance relating to air pollution control (H. Rept. 968) (p. 8061).
4. FABRICS. The Interstate and Foreign Commerce Committee reported without amendment H. R. 5222, to exempt from the Flammable Fabrics Act, scarves which do not present an unusual hazard (H. Rept. 969) (p. 8061).
5. RESERVE FORCES. The Armed Services Committee ordered reported without amendment H. R. 7000, "the new Armed Forces Reserve" bill (p. 1628).

HOUSING AMENDMENTS OF 1955

JUNE 25, 1955.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SPENCE, from the Committee on Banking and Currency, submitted the following

R E P O R T

[To accompany S. 2126]

The Committee on Banking and Currency, to whom was referred the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended, do pass.

The amendments are as follows:

1. Page 2, line 5, strike "1960" and insert "1956".
2. Page 2, line 6, insert the following new subsection:

(b) Clause (iii) of the second paragraph of section 2 (a) of said Act, as amended, is hereby amended by striking "six months" and inserting in lieu thereof "two months".

3. Page 2, line 9, strike "(b)" and insert "(c)"; and in lines 10 and 11 strike "'\$2,500'" and inserting in lieu thereof "'\$3,000'." and insert "exceeds '\$2,500'" and by inserting a comma immediately preceding "exceeds '\$3,000'."

4. Page 2, strike line 18 and all that follows through line 2 on page 4; and on page 4, line 3, strike "(d)" and insert "(b)".

5. Page 4, strike line 6 and all that follows through line 7 on page 6 and insert:

"(1) not to exceed \$12,500,000, or, if the mortgage is executed by a mortgagor coming within the provisions of clause (b) (1) of this section, such dollar limit with respect to any one mortgage instrument and with respect to the aggregate amount of such commitments shall be \$50,000,000;";

(2) by striking clause 1 of section 213 (b) and inserting:

"(1) not to exceed \$12,500,000, or, if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, such dollar limit with respect to any one mortgage instrument

and with respect to the aggregate amount of such commitments shall be \$25,000,000; and";

(3) by striking clause (i) of section 220 (d) (3) (B) and inserting:

"(i) not to exceed \$12,500,000, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not to exceed \$50,000,000; and"; and

(4) by striking "\$5,000,000" in sections 213 (c) and 221 (d) (3) and inserting: "\$12,500,000".

6. Page 7, line 7, strike "(e)" and insert "(c)".

7. Page 7, line 11, insert the following new subsection:

(d) Section 213 (b) (2) of said Act; as amended, is further amended by striking out "65 per centum" and inserting in lieu thereof "50 per centum".

8. Page 7, line 14, strike "(f)" and insert "(e)"; line 18, strike "(g)" and insert "(f)"; and in line 22, strike "(h)" and insert "(g)".

9. Page 8, line 9, strike "(i)" and insert "(h)"; and in line 10, strike "this section" and insert "section 213 of the National Housing Act, as amended,"; lines 16 and 19, strike "this" and insert "such"; and in line 20, strike "(j)" and insert "(i)".

10. Page 8, line 25, insert the following new subsection:

(j) Clause (iii) of section 227 (a) of said Act is amended to read as follows: "(iii) under section 220 if the mortgage meets the requirements of paragraph (3) (A) of subsection (d) thereof and covers a dwelling designed principally for residential use for more than four families, or if the mortgage meets the requirements of paragraph (3) (B) of subsection (d) thereof,".

11. Page 9, strike lines 22, 23, and 24.

12. Page 10, strike lines 1, 2, and 3 and insert:

SEC. 103. (a) The second sentence of section 304 (a) of said Act, as amended, is amended by striking out the words "at the market price for the particular class of mortgages involved, as determined by the Association" and inserting in lieu thereof "at a reasonable price level, as determined by the Association, taking into consideration the market for mortgages of the same general class, and current yields on, and reasonably foreseeable price trends of, long-term Government bonds and other forms of long-term investment".

13. Page 10, line 13, strike "(c)" and insert "(b)".

14. Page 11, strike line 1 and all that follows through line 12; and in line 14, strike "105" and insert "104".

15. Page 12, line 7, strike "106" and insert "105"; and in line 14, strike "\$212,500,000" and insert "\$200,000,000".

16. Page 13, lines 1 and 2, strike "financial assistance under this title (including the making of capital grants)" and insert "loans and advances under this title"; and strike out the remainder of line 10 following "Provided," and all that follows through line 16 and insert:

That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title.

17. Page 13, line 21, strike "107" and insert "106".

18. Page 14, line 21, strike "108" and insert "107".

19. Page 15, line 4, after "(1)" insert "the third proviso and".

20. Page 15, line 9, after "third proviso," insert "and the fourth proviso,".

21. Page 15, line 13, change the period to a semicolon and insert the following new paragraph:

(3) the fourth proviso appearing in that part of the Independent Offices Appropriation Act, 1952, which is captioned "Annual contributions:" under the heading "PUBLIC HOUSING ADMINISTRATION";

22. Page 15, line 18, insert the following new paragraph:

(4) the sixth and seventh provisos appearing in that part of the First Independent Offices Appropriation Act, 1954, which is captioned "Annual contributions:" under the heading "PUBLIC HOUSING ADMINISTRATION", and the fifth and sixth provisos under the same caption in the Independent Offices Appropriation Act, 1953; and

23. Page 16, line 1, insert the following new paragraph:

(5) as of its effective date subsection 10 (j) of the United States Housing Act of 1937, as amended.

24. Page 16, strike out line 6 and all that follows through line 2, page 17, and insert the following new subsection:

"(i) Notwithstanding any other provisions of law (except as hereinafter provided in this section) the Authority shall not enter into any new contracts for loans and annual contributions for more than thirty-five thousand additional dwelling units during each of the fiscal years 1956 and 1957, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into: *Provided*, That in respect to the fiscal year 1956 such number shall be increased by the difference between thirty-five thousand and the number of units for which new annual contributions contracts for additional units were entered into during the fiscal year 1955: *Provided further*, That any balances of this authorization not utilized in such years shall be available until June 30, 1958: *And provided further*, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress."

25. Page 18, line 2, after " '15' " insert ", and by striking out 'of \$336,000,000' ".

26. Page 18, strike line 4 and all that follows through line 18, page 19; and page 19, line 19, strike "(h)" and insert "(e)".

27. Page 23, line 5, insert the following new sentence:

Notwithstanding the provisions of section 306 of this Act or any other provisions of law, no payments in lieu of taxes shall be made for any tax year beginning subsequent to the date of the acquisition of title to the property by the Administrator.

28. Page 23, strike line 10 and all that follows through line 17, page 27, and insert the following:

SEC. 108. (a) Section 2 of the United States Housing Act of 1937, as amended, is amended by adding the following at the end of subsection (2) thereof: "The term 'elderly families' means families consisting of a single person sixty-five years of age or over, or families the head of which or his spouse is sixty-five years of age or over."

(b) The United States Housing Act of 1937, as amended, is amended by adding the following new subsection at the end of section 10:

"(m) For the purpose of increasing the supply of decent, safe and sanitary housing for elderly families available at rents they can afford to pay, the Authority may, with the approval of the President, after July 1, 1955, without regard to the provisions of any other law, enter into contracts for annual contributions which include not to exceed ten thousand dwelling units (either as separate projects or as parts of projects) designed for elderly families, which amount shall be increased by ten thousand dwelling units on July 1, 1956. Such dwelling units shall be in addition to the dwelling units for which annual contributions contracts are authorized by any other provision of law. The total authorization for annual contributions shall be increased by \$3,000,000 per annum on July 1, 1955, and by the same amount on July 1, 1956. The provisions of the first sentence of subsection 15 (5) shall not be applicable to such dwelling units. Notwithstanding the provisions of subsection 10 (g), annual contributions contracts covering such dwelling units shall require that in the selection of tenants for such units the public housing agency shall extend a prior preference to elderly families, and that as among such families the 'First' preferences in subsection 10 (g) shall apply. Notwithstanding the provisions of subsection 10 (g), the Authority may permit any public housing agency, in respect to any other dwelling units to extend a prior preference to

elderly families: *Provided*, That such preference shall not be extended during any portion of a year when the number of elderly families already admitted in such year to all dwellings owned or operated by the public housing agency as low-rent housing within the meaning of this Act equals 10 per centum of the estimated number of all admissions in such year to all such dwellings: *And provided further*, That as among such families, the 'First' preferences in subsection 10 (g) shall apply. The Authority may authorize public housing agencies to reconstruct or remodel any low-rent housing to provide accommodations designed for elderly families."

29. Page 29, line 15, strike "110" and insert "109"; and strike line 17 and all that follows through line 2, page 31.

30. Page 31, line 3, strike "(2)" and insert "(1)"; strike line 24; and in line 25 strike "(4)" and insert "(2)".

31. Page 32, line 10, after "hereof" insert a colon and the following:

Provided further, That there shall be not less than one elective director from any of the States nor more than three elective directors from any of the States in any district referred to in the preceding proviso and in no event shall the total number of elective directors in any one district exceed eleven

32. Page 32, line 19, strike "(5)" and insert "(3)"; and on page 33, line 22, strike "111" and insert "110".

33. Page 34, line 2, strike "\$2,500" and insert "\$3,000".

34. Page 34, strike line 3 and all that follows through line 4, page 37.

35. Page 37, line 5, strike "(d)" and insert "SEC. 111."; and in line 10 strike "(e)" and insert "SEC. 112.".

36. Page 44, line 23, insert the following new paragraph:

The term "States" as used in this title shall mean the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

37. Page 47, line 16, strike "then".

38. Page 48, line 14, strike "section." and the quotation marks and insert "section." and the following:

"(g) No loan shall be made under this section unless the educational institution receiving the loan has agreed (1) to certify, upon completion of the physical improvements with respect to which the loan is made, either (A) that the total of all actual costs of the facility approved by the Administrator for disbursement under the loan agreement equaled or exceeded the proceeds of all obligations authorized and issued pursuant to the loan agreement or (B) the amount by which the proceeds of such obligations exceeded such total actual costs, as the case may be, and (2) to pay forthwith for the redemption of such obligations in such manner as shall be provided in the loan agreement, the amount, if any, certified to be in excess of such total actual costs: *Provided*, That any portion of such excess amount less than \$1,000 shall, in lieu of being paid for the redemption of such obligations, be deposited in a sinking fund account established for the payment of interest on, and principal of, such obligations."

39. Page 49, line 7, strike "That subsection" and insert "Subsection"; line 19, strike "(1)"; strike the comma on line 24 and strike line 25 and all that follows through the word "institution" in line 10, page 50.

40. Strike page 51 and all that follows through line 14, page 73, and insert the following:

TITLE IV—MILITARY HOUSING

PRIVATELY FINANCED MILITARY HOUSING

SEC. 401. Section 803 of the National Housing Act, as amended, is hereby amended—

(1) by striking out of the second proviso of subsection (a) "June 30, 1955" and inserting in lieu thereof "June 30, 1958";

(2) by striking out the last sentence of paragraph (2) of subsection (b) and inserting in lieu thereof the following: "No mortgage shall be insured under this title unless the Secretary of Defense or his designee shall have certified to the Commissioner that the housing with respect to which the mortgage is made is necessary to assure that adequate housing, within reasonable commuting distance of the installation, will be available for such personnel and that there is no intention, so far as can reasonably be foreseen, to substantially curtail activities at such installation or the personnel assigned or to be assigned to such installation.";

(3) by striking clause (C) of paragraph (3) of subsection (b) and inserting: "(C) not to exceed an average of \$9,900 per family unit for such part of such property or project as may be attributable to dwelling use, except that where the Secretary of Defense or his designee, in exceptional cases, certifies and the Commissioner concurs in such certification that the needs would be better served by single-family detached dwellings or dwelling structures designed for two-family residence the mortgage may involve a principal obligation not to exceed \$10,800 per dwelling in the case of single-family detached dwellings, or not to exceed \$20,500 per structure in the case of two-family structures, for such part of such property as may be attributable to such dwellings or structures: *Provided*, That the Commissioner may by regulation increase the \$9,900 limitation by not exceeding \$900 in any geographical area where he finds that cost levels so require."; and

(4) by inserting after the word "amended" at the end of the second sentence of paragraph (3) of subsection (b): ", except that the amount to be included in 'actual cost' (as defined in subsection (c) of said section 227) as the allowance for builder's profit where the mortgagor is also the builder as defined by the Commissioner shall be an amount equal to 10 per centum of said 'actual cost'".

SEC. 402. Whenever the Secretary of Defense or his designee shall deem it necessary, he may enter into an agreement with the owner or owners thereof to purchase unimproved land or any housing financed with mortgages insured under title VIII of the National Housing Act, as amended. Notwithstanding the provisions of any other law except as may hereafter be enacted in express amendment hereof, the price paid for any such unimproved land or housing purchased by the Secretary of Defense or his designee under this or any other law shall be the fair market value of such unimproved land or housing as determined by the Secretary of Defense or his designee on the basis of an independent appraisal. In connection with any agreements to purchase any such housing, the Secretary of Defense or his designee may assume, or may purchase subject to, any such mortgage and pay in cash any difference between the outstanding principal obligation of such mortgage and the fair market value of such housing which in the case of new housing built in conformance with specifications furnished by the armed services and where there has been no deterioration chargeable to the negligence or fault of the builder the fair market value shall not be less than the actual cost of construction making due allowance for normal depreciation. Whenever the Secretary of Defense or his designee shall deem it necessary, he may cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation any unimproved land or any housing financed with mortgages insured under title VIII of the National Housing Act, as amended, either subject to said mortgages or acquiring all interest in said property. Any condemnation proceedings herein provided shall be conducted in accordance with the provisions of the Act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the Secretary of Defense or his designee, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the courts, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purposes of this

section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

SEC. 403. There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of section 402 of this title.

41. Page 77, strike line 21 and all that follows through line 10, page 85.

42. Page 85, line 11, strike "VI" and insert "V"; and in line 12, strike "601. (a)" and insert "501."

43. Page 85, strike line 14 and all that follows through line 17, page 87.

44. Page 87, line 18, strike "(3)" and insert "(1)"; line 23, strike "(4)" and insert "(2)"; and on page 88, line 1, strike "(5)" and insert "(3)".

45. Page 88, strike lines 6, 7, 8, 9, and 10.

46. Page 88, line 11, insert the following new section:

SEC. 502. The United States Housing Act of 1937, as amended, is hereby amended by adding the following sentences to subsection 12 (f): "Notwithstanding any other provisions of law, upon the filing of a request therefor within six months after the effective date of this sentence, the Authority may relinquish, transfer, and convey without monetary consideration, all its rights, title and interest in and with respect to any such project or any part thereof (including such land as is determined by the Authority to be reasonably necessary to the operation of such project and contractual rights to revenues, reserves, and other proceeds therefrom) to any public housing agency whose area of operation includes such project. Any such relinquishment shall be conditioned upon preference for occupancy in such projects being given first to low-income agricultural workers and their families and, second, to other low-income persons and families: *Provided*, That any vacant accommodations for which there are no eligible applicants in these preference groups may be occupied by other persons or families but shall be vacated promptly when needed to house any such eligible applicants: *Provided further*, That the project shall be so utilized, or utilized for other public purpose, for a period of ten years from the date of relinquishment. In any conveyance hereunder, the Authority shall reserve to the United States of America all mineral rights of whatsoever nature upon, in, or under the property including the right of access to and use of such parts of the surface of the property as may be necessary for mining and saving the minerals. The Authority may dispose of any project or part thereof not relinquished or conveyed under this subsection, or any reversionary or other rights in any such project, pursuant to subsection (e) of section 13 of this Act, notwithstanding the parenthetical clause in said subsection."

INTRODUCTION

The Committee on Banking and Currency held general housing hearings which extended from May 23 to June 10, 1955. Executive sessions extended from June 15 to 23, 1955. The views of the executive branch of the Government were presented by Hon. Albert M. Cole, Housing and Home Finance Administrator, and the heads of the several constituent agencies of the Housing and Home Finance Administration. Other witnesses representing all shades of opinion in regard to housing legislation appeared and were afforded every opportunity to set forth their views. All witnesses were subjected to unusually lengthy and searching interrogation by the members of the committee. The printed hearings including appropriate exhibits cover 636 pages.

S. 2126, as reported by your committee, is a comprehensive measure designed to extend and clarify laws relating to housing, to assist our people to acquire good homes, and to assist our communities to develop wholesome neighborhoods. It includes the following provisions:

Title I would extend and liberalize various mortgage insurance programs carried on by the Federal Housing Administration, amend the charter of the Federal National Mortgage Association, increase the capital grant authorization for the slum clearance and urban renewal program, extend the low-rent public housing program, establish a housing program for elderly persons of low income, and establish the Home Loan Bank Board as an independent agency. Title II would establish a program of public facility loans. Title III would expand the college housing program. Title IV would liberalize and extend the Wherry Act military housing program. Title V would extend the farm housing program authorized by title V of the Housing Act of 1949 for an additional year.

TITLE I—GENERAL HOUSING AMENDMENTS

FEDERAL HOUSING ADMINISTRATION

FHA TITLE I HOME REPAIR AND MODERNIZATION PROGRAM

Under this program the FHA insures lending institutions against loss on home repair and modernization loans. FHA liability is limited to 90 percent of loss on individual loans. Under existing law home repair and modernization loans for existing structures may not exceed \$2,500 and the program terminates on July 1, 1955. The Senate bill would extend this program for 5 years and increase such loan limit to \$3,000. In accepting the proposed increase in the loan limit to \$3,000 your committee was of the opinion it was advisable to provide only for a 1-year extension in the termination date of the program. A housing subcommittee of the House Banking and Currency Committee will conduct a comprehensive study of government housing programs and it was felt this subcommittee should look into the title I

program and evaluate changes that might be made in the program such as amount of loan, maturity permitted, and scale of interest charges. At that time the subcommittee could also appraise the effects of the present increase in the loan limit.

Last year the Congress amended the FHA title I home loan repair and modernization insurance authority so that no such loan could be insured with respect to a new residential structure unless it had been completed and occupied for at least 6 months. The purpose of this provision was to prevent the proceeds from a title I loan being used in whole or in part to finance the downpayment required on a mortgage loan on a new home. Your committee recommends that this waiting period be reduced to 2 months as it is believed such period will still accomplish the original objective sought but at the same time will not unduly restrict a new homeowner in financing desirable improvements permitted under the FHA title I program. In modifying this provision, however, the committee wishes to reiterate its firm direction to the FHA Commissioner to take all actions necessary so that no part of the loan proceeds of an FHA title I loan could be used to meet downpayment requirements in connection with the purchase of a new home.

TRAILER PARKS

The Senate bill contained a provision which would have permitted the FHA to insure loans made for the purpose of constructing facilities for trailer courts or parks. The bill authorized insurance of such loans under section 207, and provided that mortgages could not exceed \$1,000 per space or \$300,000 per mortgage. Several questions arose in connection with such proposed insurance authority such as (1) would this not be contrary to the policy of the Congress of limiting FHA insurance to providing housing accommodations for other than transient occupancy, (2) what would be the impact on communities with respect to the services a community must provide, (3) how would such site improvements fit in with overall community plans for development, (4) what use could be made of such improvements in reuse of the site for other housing purposes, and (5) should a statutory limit be placed on the term of such loans. The committee was of the opinion this subject should be referred to its Subcommittee on Housing for further study and accordingly deleted this proposed insurance authority from the bill.

MORTGAGE CEILINGS FOR MULTIFAMILY HOUSING

Since 1938, section 207 of the National Housing Act, as amended, has contained provisions which limit the maximum amount of a mortgage for large-scale rental housing as follows:

1. Five million dollars in the case of a rental project developed and owned by a private enterprise corporation; and
2. Fifty million dollars in the case of a rental project developed and owned by public instrumentalities, or private limited dividend or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

Until recently, the \$5 million limitation with respect to large-scale rental housing projects developed by private enterprise corporations had been uniformly interpreted by the Federal Housing Administra-

tion as applicable to the amount of the individual mortgage. Thus, so long as each rental project developed by such a corporation was a separate project and the mortgage with respect to each such project did not exceed \$5 million, several such projects could be built at the same time on contiguous sites by mortgage corporations under common ownership. There has never been, and should not be, any objection to such procedure so long as each such contiguous project is covered by a mortgage which does not exceed the applicable dollar limitation and is a separate project which can be sold separately and managed separately. Such administration of these provisions of the act have made possible the development of many of the large-scale rental housing projects urgently needed in the larger metropolitan centers, and your committee feels very strongly that such procedure should be continued.

In view of the increase in construction costs which has occurred since 1938 when this \$5 million limitation was enacted the Federal Housing Administration recommended that this limitation be increased to \$12.5 million. In addition, however, the Federal Housing Administration recommended the inclusion of provisions which would extend the application of the limitation beyond the amount of each individual mortgage as has been the case in the past, and make it applicable also to the total amount of commitments issued and outstanding under section 207 at any one time with respect to a project or projects in the same housing market area involving the same mortgage corporation or mortgagors under the same control. Your committee has retained the provisions increasing from \$5 million to \$12.5 million the limitation on the amount of each individual mortgage, but has stricken from S. 2126, as reported, the provisions which would further extend the limitation to the total amount of commitments outstanding at any one time with respect to projects of the same mortgage in the same housing market area.

In the larger metropolitan areas, proper use of available sites and the economies obtainable through continuity of building operations on such sites require the development of large rental projects. Under the additional limitation proposed by the FHA, such operations, which in the past have been wholly successful and have contributed greatly to the proper development and growth of many of our large metropolitan centers, could be materially curtailed. Your committee believes that any such rigidity in legislation could be harmful to our cities and would not be in the public interest.

The FHA Commissioner indicated that he felt the original \$5 million limitation was imposed for the purpose of preventing any one builder from monopolizing a market—to prevent “one-man control of the housing in a community.” In this connection, your committee desires to point out the following:

First, there is no basis in the legislative history of the limitation which supports any such assumption;

Second, operations under this section in the past have not had any such result, and, as a practical matter, it is clear that the development of a large number of rental housing units on a single site by private corporations under common ownership in New York or Chicago or Philadelphia or any of our larger metropolitan areas could have little if any effect upon individual control of the rental housing market, and

Third, the development of well planned large-scale rental housing projects is essential to the orderly development and growth of our metropolitan areas.

For the express guidance of the Federal Housing Commissioner, your committee again reiterates its intention that the \$12,500,000 limitation shall be applicable to the amount of each individual mortgage and that the administrative practice heretofore applied is to be continued so as to permit several contiguous projects under common ownership so long as the amount of the mortgage on any such project does not exceed the dollar limitation and each such contiguous project is a separate project which, in the event it should become necessary, can be sold separately and managed separately from the other contiguous projects.

COOPERATIVE HOUSING

The bill contains provisions designed to reactivate the cooperative-housing program. This program, authorized by the Congress in 1950, provides special mortgage insurance advantages to cooperatives organized to build and operate housing for occupancy of their members, or to construct homes for their members. It was a successful program for the middle-income group, and almost 300 projects, containing a total of more than 32,000 dwelling units, were built. However, since the enactment of certain restrictive provisions in the Housing Act of 1954, this program has virtually come to a halt, except for projects covered by prior commitments.

The committee believes that one of the principal obstacles to the success of this program is an amendment, recommended by the Federal Housing Administration and enacted last year, which had the effect of reducing the maximum amount of the mortgage eligible for insurance. This amount had previously been determined on the basis of the "estimated replacement cost" of the project. The amendment changed this basis to "estimated value." S. 2126 would return to the use of "replacement cost" in determining the maximum mortgage amount.

Your committee has been seriously concerned about this matter. In recommending the amendment last year to change the section from a replacement cost to a valuation basis, the officials of the Federal Housing Administration assured your committee that the recommended change would not (except in the case of projects proposed for development in inferior locations) result in substantial reductions in the maximum amounts of insurable loans and therefore would not impede the program. However, experience has proven otherwise.

It is the understanding of the committee that something in excess of 200 cases were in application status or had statements of eligibility issued by the FHA at the time of the passage of the Housing Act of 1954. It is our intention that the new amendment will apply retroactively to all these cases and all pending cases. It is also our feeling that cases which were withdrawn or expired because of the fact that the change incorporated in the Housing Act of 1954 made them infeasible, be reopened and reactivated by the FHA without the payment of reopening or new fees, and that sponsors of such cases be give a 90-day period in which to decide whether to proceed under the new amendment.

As a second step to make the cooperative-housing-program operative, S. 2126 would authorize the FNMA to make advance commitments for up to \$50 million worth of cooperative housing projects at any given time. Not more than \$5 million, however, would be available in any one State. This would, in fact, be a revolving fund and would assure readily available financing for any project which might not be able to secure financing in the open market, either because of unfamiliarity with the program or an actual shortage of mortgage money.

Thirdly, S. 2126 would provide for the appointment of a special assistant for cooperative housing. The special assistant would be expected to give impetus and direction to the program to the end that its principal objective be achieved—the provision of good housing at lower cost and at lower monthly carrying charges for the consumer, particularly those in the middle-income group.

It is expected that encouragement will be given to the development of consumer cooperatives consisting of those in which the board of directors of the cooperative are persons who have purchased memberships and will reside in the projects, or where the board of directors consists of members of consumer, veteran, labor, religious, and similar organizations, or other nonprofit organizations formed for the purpose of assisting cooperative housing.

It is further expected that the FHA will encourage the participation and cooperation of builders in the development and construction of projects for independently sponsored and organized consumer cooperative corporations, and that in those cases where cooperatives are sponsored by a builder, adequate safeguards against abuse will be established to be certain that the benefits intended under this section will accrue to the consumer.

Another provision would make it possible for cooperative groups of Government-owned housing projects to use the cooperative mortgage provisions of the act to purchase such projects on a cooperative basis.

Finally, an amendment added by your committee to S. 2126 would provide for a reduction in the required percentage of veteran participation in cooperative projects from 65 percent to 50 percent in order to obtain the maximum allowable mortgage. This would give a broader group of veteran and nonveteran home purchasers in multifamily projects the kind of liberal mortgage already provided for single-family home purchasers under section 203.

In connection with the cooperative-housing insurance program your committee has received several complaints from the cooperative tenants that the data respecting cost of construction, reserves, maintenance costs, and other factors were materially increased over the amounts furnished them at the time they entered the project. Since these costs and reserve allowances have a direct bearing on the monthly payments required to meet debt service, and operating costs, your committee believes that the FHA should make every effort to assure that all items of expense together with an accurate estimate of construction costs be made available at the inception of these projects. In this manner the prospectus of a project which is approved by the FHA prior to its release will give a true picture of the costs to be incurred and a more accurate determination of the monthly payments and many of the difficulties which participants in these projects have experienced will be eliminated in the future.

INCREASE IN FHA MORTGAGE INSURANCE AUTHORIZATION

The general mortgage insurance authorization of the Federal Housing Administration would be increased to authorize FHA mortgage insurance up to the aggregate of outstanding insurance liability and commitments on June 30, 1955, plus \$4 billion. On the basis of current estimates this increase in their general mortgage insurance authorization will take care of the estimated amount of home financing which will be assisted by FHA mortgage insurance during fiscal year 1956.

SECTION 220. MORTGAGE INSURANCE FOR HOUSING IN
URBAN RENEWAL AREAS

Experience since the enactment of the Housing Act of 1954 has demonstrated that substantial modifications in existing programs for private-enterprise participation in the rehabilitation or redevelopment of blighted areas are essential if the important urban renewal objectives of that law are to be realized. This conclusion is supported by testimony before your committee by representatives of the municipal authorities responsible for local renewal programs as well as by spokesmen for the private building industry.

The basic provision in the Housing Act of 1954 to provide for the widespread application of private initiative and private financing to the rehabilitation or construction of housing in blighted areas was the establishment of a new program of FHA mortgage insurance for such activities under section 220 of the National Housing Act.

In recommending this new program in its report on the Housing Act of 1954, your committee stated:

The provisions of the section 220 program should provide a stimulus to local community action and encourage the support of builders, lenders, and others in the rehabilitation of blighted areas.

Nevertheless, more than 10 months after the enactment of section 220, not a single mortgage insurance commitment has been issued under this new FHA program, notwithstanding widespread interest on the part of local renewal agencies and private builders and lenders and the availability of numerous sites where operations could have commenced immediately.

In enacting section 220, Congress clearly recognized that the FHA section 207 mortgage insurance program is not designed for use in the older city areas where urban renewal activity is urgently needed. The present law likewise recognizes that a separate FHA program, incorporating standards and objectives directly related to the urban renewal program is necessary to attract large-scale private-enterprise participation in the job of urban renewal.

This is further emphasized by the provisions in the Housing Act of 1954 expressly limiting the use of section 220 mortgage insurance to areas for which an urban renewal plan or urban redevelopment plan has been officially adopted by the community involved and approved by the Housing and Home Finance Administrator. Before section 220 can become available, the Administrator is also required to certify to the FHA Commissioner that "there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan."

This provision is clearly intended to assure that section 220 will not be used to finance spot improvements in blighted areas but rather will be a basic tool for private participation in the upgrading of entire neighborhoods or groups of neighborhoods, supported by an official local plan.

Furthermore, because of the relationship of section 220 to the urban renewal program, the present law omits from section 220 the requirement of sections 203 and 207 that each property must be found by FHA to be economically sound. Instead, recognizing the special requirements of the urban renewal problem, the present law directs the FHA to rely on the certification by the HHFA Administrator, previously referred to, that the urban renewal or urban redevelopment plan as a whole will be carried out.

Despite this statutory emphasis upon the validity of the urban renewal or urban redevelopment plan as the basis for section 220 mortgage insurance, testimony before your committee indicates that serious difficulties are being experienced in securing FHA valuations under section 220 which will approximate the FHA's own estimates of total development costs. Furthermore, this testimony indicates that the problem of securing satisfactory FHA valuations under section 220 in the older neighborhoods where urban renewal and urban redevelopment are urgently needed is one of the principal reasons for the absence of production under this program since any excess in actual total development cost over the FHA valuation must be met by increased cash equity investment over and above the equity contemplated by the statute.

Your committee understands, of course, that the FHA's concept of "valuation" represents subjective judgments. While it is possible that in the course of a considerable period of time FHA's normal "valuation" procedures could be adapted to the new and different requirements of urban renewal and the necessary uniformity of these subjective judgments obtained on a basis which would eventually permit the urban renewal program to move ahead, your committee feels that the latter program is so important and urgent that we cannot afford the luxury of the slow and time-consuming process apparently required for the appropriate adjustment of FHA's valuation procedures. Accordingly, S. 2126 amends section 220 to provide that the maximum mortgage amount be computed on the basis of the "estimated replacement cost" of the property or project rather than the "estimated value" of the property or project.

In approving this change from a "value" standard to a "replacement cost" standard, your committee has recognized that there are necessarily many technical difficulties in coordinating mortgage insurance aids with urban redevelopment or urban renewal aids, and it is the opinion of your committee that the new standard will eliminate or reduce some of these difficulties. However, because the rehabilitation of large urban areas is intrinsically a complex process, your committee believes that the Federal Housing Administration and the Urban Renewal Administration should continue to make every effort to devise new procedures and standards, or to modify old procedures and standards, with a view to the most efficient coordination of their respective activities so that more rapid progress may be made in utilizing FHA special aids for urban renewal.

Your committee wishes to emphasize that under the cost-certification provisions of section 227 of the National Housing Act, there will be full protection against any "windfalls" to the sponsors of section 220 multifamily projects. Under cost certification, if the actual costs of a project are less than the FHA's estimate, the savings will be applied to reduction in the principal amount of the insured mortgage to the maximum percentage of replacement cost specified in the statute.

The question arose before your committee as to whether the builder's profit allowed by FHA regulation for mortgagor-builders of multifamily housing projects was sufficient to induce widespread participation in the construction of such projects. Because of the many factors involved in this subject, your committee has referred the matter to its housing subcommittee for further study.

APPLICATION OF COST CERTIFICATION TO SECTION 220 5- TO 11-UNIT MORTGAGES

Section 227 of the National Housing Act enacted last year in the Housing Act of 1954 requires that mortgagors of FHA multifamily rental projects certify to their actual cost of construction including land. This provision was enacted to prevent windfall profits and requires that proceeds of the mortgage loan that are in excess of the allowable costs be used to reduce the amount of the mortgage. Section 220 (d) (3) (A) authorizes the insurance of mortgages covering residences designed for 5 to 11 families. These residences would obviously be for rental use. The other FHA multifamily rental insurance programs require that the project contain 12 or more units. The section 220 program authorizing 5- to 11-unit projects is unique in this particular. Your committee believes that the cost-certification provision should apply to the 5 to 11 section 220 program and the bill contains an amendment to achieve that result.

MISCELLANEOUS FHA AMENDMENTS

Section 221.—The bill contains two provisions which relate to the mortgage insurance program for families who leave urban renewal areas. First, the bill would remove the cost certification requirements from mortgages on 1- to 4-family homes under this program. This is the only section of the National Housing Act where cost certification is now applicable to housing built for sale. Cost certification does not properly apply to sales housing, because the profit of the builder is determined by the sales price rather than the maximum amount of the mortgage established by FHA. Second, the bill would broaden the category of families eligible for occupancy in housing assisted under this program. Under existing law, these families are limited to those "displaced" from urban renewal areas. The bill would permit families to be eligible who voluntarily leave the urban renewal areas.

Transient use of multifamily housing.—Last year, the committee recommended and the Congress enacted, as part of the Housing Act of 1954, specific prohibitions against transient occupancy of multifamily housing covered by FHA mortgage insurance. Certain exceptions were made for resort areas. It was not the committee's

intention that this exception be applied to large cities or metropolitan areas which are only incidentally resort areas, and the FHA is requested to limit its application of the exception accordingly.

EXTENSION OF FHA TITLE IX FOR DEFENSE AREAS

The bill would extend title IX of the National Housing Act, and certain other special aids for critical defense housing areas, for 1 year on a standby basis. This would continue the present status of these programs, which require special action by the President for each new project undertaken.

PROTECTION OF HOMEOWNERS EQUITY

Discussion was had by the committee of the question of protection of the equity of a homeowner from hazards beyond his control such as the necessity of meeting unexpected heavy medical expenses or prolonged unemployment which might make it difficult or impossible for the homeowner to maintain current monthly payments on his home. The question was raised as to whether such protection could be provided through a system of equity insurance, or through some other device such as provision for postponement of current payments to be made up later in the schedule of mortgage payments or covered by an extension of the period of repayment. The committee believed it was advisable to have this question given further study by its housing subcommittee.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

The Housing Act of 1954 provided that the prices to be paid for mortgages by the rechartered FNMA should be established from time to time by FNMA "at the market price for the particular class of mortgages involved." Your committee proposes an amendment to this pricing policy to give FNMA more discretion in setting its purchase prices. The Association would be required to set its purchase prices at a reasonable price level, taking into consideration such factors as the market for mortgages of the same general class, yields on, and reasonably foreseeable price trends of other forms of long-term investment including long-term Government bonds.

The Housing Act of 1954, in rechartering FNMA, provided that each mortgage seller must make payments of nonrefundable capital contributions to FNMA equal to a percentage of the unpaid principal amount of mortgages purchased by FNMA. This was fixed at 3 percent with discretionary power to FNMA to require a greater percentage. Your committee has instructed its subcommittee on housing to make a thorough investigation to determine whether or not the 3-percent minimum figure should be reduced.

SLUM CLEARANCE AND URBAN RENEWAL

CAPITAL GRANT AUTHORIZATION

Under the provisions of the Housing Act of 1949, capital grants in the aggregate amount of \$500 million were authorized to assist in carrying out the slum clearance and urban redevelopment program,

and this capital grant authorization was made available for the broader urban renewal program under the Housing Act of 1954. The bill would increase that authorization by an additional \$200 million to be made available on July 1, 1955, and another \$200 million to be made available on July 1, 1956. Also, the President would be authorized to increase the authorization at any time or times by not to exceed \$100 million.

By June 30 of this year, the entire \$500 million capital-grant authorization will be committed, including the \$50 million reserve for overruns. By December 31, 1955, it is estimated that capital grants in the aggregate amount of \$585 million will be committed, of which \$60 million will represent a reserve for overruns. By June 30, 1956, a total of \$700 million will have been committed under the present program, of which \$70 million will constitute a reserve for overruns. The Housing and Home Finance Agency advises that thereafter the commitment of capital grants will increase at a more rapid rate. The scope of the present program and the anticipated increase in the number of municipalities that will participate will accelerate capital-grant commitments to the point that about \$1 billion of capital-grant authorization would be fully committed by about June 30, 1957.

The need for legislation at this time providing for the additional authorization required for use over a period of more than 2 years arises out of the type of program involved. Many months of preliminary work are required to develop an urban renewal project. In order to participate, the local community must make long-range plans involving such matters as establishing and maintaining an appropriate urban renewal organization, making surveys, preparing plans, revising capital improvement programs, and providing funds. For these reasons, local communities need assurance that capital-grant funds are authorized and will be available at the time needed. Even planning advances for a project are not normally made unless there is available adequate capital-grant authorization to cover the project. The additional authorization is thus essential to enable local communities to commence and carry out necessary preparatory activities and to keep the urban renewal program moving forward.

Under existing law, not more than 10 percent of the total capital grants authorized may be expended in any one State, except that an additional \$35 million may be allocated for use in States where more than two-thirds of the amounts they could otherwise receive have been legally obligated. It should be noted that this amount is part of, and not in addition to, the amount of capital grants to be authorized. The bill would raise the present \$35 million amount to \$70 million. Your committee has been advised that by June 30, 1955, the existing amount will be insufficient to cover needs in several States.

Testimony was presented to your committee to the effect the provisions of section 105 (c) of the Housing Act of 1949 requiring that there be a feasible method for the temporary relocation of families displaced by slum clearance or urban renewal may not have been fully complied with in a number of cases. Your committee has instructed its subcommittee on housing to make a thorough study of this matter and report its findings early next year.

USE OF BLIGHTED VACANT AREAS FOR INDUSTRIAL REDEVELOPMENT

The bill as amended by your committee would authorize loans and advances to be made under the slum clearance and urban renewal program authorized by title I of the Housing Act of 1949, as amended, to assist in the redevelopment of either predominantly open land or open land for industrial or other nonresidential uses. The local governing body would be required to determine that such redevelopment is necessary and appropriate to aid in the sound development of the community. The loans and unpaid advances to any local public agency for this purpose would not be permitted to exceed 2½ percent of the estimated gross project costs of all the other urban renewal or redevelopment projects undertaken by that community.

Your committee has amended the Senate provision for this purpose to remove from the provision authority to make capital grants to assist in redevelopment for industrial purposes of such areas. Under your committee amendment only loans and advances can be used for this purpose. Your committee has accordingly removed the additional \$25 million in capital-grant authorization for this purpose provided in the Senate version of the bill.

This provision for assistance to redevelopment for nonresidential uses or industrial uses will be used for such areas as are found in many communities adjacent to railroads or other industrial property. Under the present law, land which is not predominantly residential in character cannot (except in certain limited cases) be developed for industrial or other nonresidential use.

TERRITORIAL ENABLING ACT AMENDED TO AUTHORIZE URBAN
RENEWAL LEGISLATION

Amendments would be made in the Territorial Enabling Act of 1950 to broaden the authority of the governments of the Territories to enact laws for urban renewal activities. Under the 1950 act they were authorized to enact urban redevelopment laws. Since urban renewal activities are broader than urban redevelopment activities authority is needed to enact the broader urban renewal laws.

PUBLIC HOUSING

EXTENSION OF AUTHORITY TO ASSIST COMMUNITIES UNDERTAKING
LOW-RENT HOUSING

The United States Housing Act of 1937 was amended by the Housing Act of 1949 to provide an additional program of public housing of not more than 810,000 dwelling units. This program was cut down by restrictions in appropriations acts in successive years until finally the Appropriation Act for 1954 prohibited any further public housing contracts until expressly authorized by Congress. In the Housing Act of 1954 such authorization was given for new contracts to be entered into during fiscal year 1955 covering up to 35,000 additional units.

It is now generally recognized that if the slum-clearance and urban renewal program is to go forward, public housing must be provided

for low-income families displaced by these operations. Accordingly, the administration has recommended an extension of the present program for 2 more years with authorizations to contract for 35,000 additional units in each year.

Your committee, after careful consideration, is recommending legislation along these lines which would permit the Public Housing Administration to use any remainder of the authorization for 1955 and to enter into further contracts for 35,000 additional units in fiscal year 1956 and a like number in fiscal year 1957. Any authorization not used during these fiscal years would be available until June 30, 1958.

Your committee is also recommending the repeal of certain provisions in the Housing Act of 1954 which unduly restricted the public housing program and tied it exclusively to the slum-clearance and urban renewal program. This would have the effect of making some public housing available to meet the urgent needs of other low-income families including those (1) who leave the slums on their own initiative without being forced out as a result of governmental action, (2) who are displaced by private enterprise in the clearing of slum sites on its own initiative, or (3) who are displaced as a result of fire or other catastrophe.

Your committee also recommends the repeal of several provisos in the Appropriation Acts for 1952, 1953, and 1954 which have had the effect of limiting the provisions of the substantive public housing statute.

S. 2126 contains a further amendment which would increase from 10 percent to 15 percent the total amount of financial assistance which can be made available for low-rent housing in any one State. The 10 percent limitation has proved to be too restrictive in the case of some States.

HOUSING FOR ELDERLY FAMILIES OF LOW INCOME

Your committee has been particularly impressed by the housing difficulties confronting elderly families of low income. Elderly persons are progressively increasing, not only in number, but also as a percentage of our total population. In 1940 there were 9 million persons over 65 years who represented 6.8 percent of our population, while by 1950 this number had increased to 12.3 million representing 8.1 percent of the total. As the span of life continues to increase, the proportion of elderly citizens in our population will likewise increase.

The housing conditions of the elderly are, in general, worse than those of other families. The 1950 census, for example, showed in respect to rented dwellings that 37.4 percent of those occupied by families over 65 were substandard, whereas only 29.9 percent of those rented by younger families were substandard. This is largely due to the fact that elderly families have lost most of their earning capacity and have much lower incomes than other families.

This conclusion is borne out by statistics relating to elderly families now living in public housing projects. Families headed by persons 65 years of age or over and consisting of two adults had an average income of only \$1,227 a year in 1953 in contrast to \$2,062 for all families then living in public housing. Only 17.2 percent of the elderly

families in public housing were living wholly on their own resources; 52.7 percent of these families were on relief, while 30.1 percent were receiving public benefits such as old-age or survivors insurance.

In order to assist in meeting the housing problems of elderly persons of low income, your committee is recommending a new subsection of the Housing Act of 1937 specifically concerned with this problem. These new provisions would authorize the Public Housing Administration, after July 1, 1955, to enter into annual contributions contracts for an additional 10,000 dwelling units designed for use of the elderly, and a further 10,000 units after July 1, 1956. These units would in general be incorporated in other projects in order to permit the elderly to remain in contact with other families but, if local circumstances required, could be developed as separate projects. The authorization for annual contributions contracts is also increased by \$3 million on July 1, 1955, and by a further \$3 million 1 year thereafter.

In addition to authorizing this new program, which is in addition to that authorized by section 108, the bill would provide as follows:

1. Elderly families would be defined to include single persons 65 years of age or over. The effect of this change would be to authorize the admission of such elderly single persons to public housing projects.

2. Elderly families would be given a first preference for admission to all units developed pursuant to this section, and a first preference could also be extended to such families in respect to other low-rent units up to 10 percent of the estimated admissions in any given year.

3. The Public Housing Administration would be authorized to permit local public housing agencies to reconstruct or remodel any low-rent housing to provide accommodations designed for elderly families.

DISPOSITION OF LANHAM ACT PROPERTY

The Senate bill contains provisions with reference to disposition of property acquired by the Government under the war housing program (Lanham Act). Under one of these provisions former owners of land being disposed of under the Lanham Act would be given a first preference in repurchasing such land from the Government. Two other provisions of the bill related to the disposition of specific Lanham Act permanent housing projects, one of 500 units located in Indiana and the other of 200 units located in Connecticut. The committee was of the opinion action on such requests should be postponed pending further study by its Housing Subcommittee of the problems and policies involved in the overall disposition problem. Accordingly, it has not included these disposition provisions of the Senate-passed bill.

The Housing Act of 1954 contained an amendment to section 605 (a) of the Lanham Act providing for the disposition of Government-owned property in any city in which on March 1, 1953, there were more than 10,000 temporary Government-owned housing units or in any two contiguous cities in one of which there were more than 10,000 such units. The provision authorized the Housing and Home Finance Administrator to acquire, by purchase or condemnation, fee simple title to the land where such acquisition would expedite the orderly disposal or removal of such temporary housing by facilitating the availability of improved sites for privately owned housing needed to replace the temporary housing. S. 2126 contains a further amend-

ment to this section which will expedite the disposition of this property, thus making it available at an earlier date to private enterprise for development in accordance with local zoning and other laws. The sale of the property by the Government shall be at the fair market value of the land, and the city or local public agency, as the case may be, would be required to pay in cash at least one-third of the price of the land upon its conveyance, and the entire price within 1 year thereafter. The balance of the sales price not paid at the time of conveyance shall bear interest at 4 percent and be secured by a mortgage lien. Your committee amended this section of the bill to relieve the Government of making payments in lieu of taxes with respect to property acquired by the Government pursuant to these provisions.

HOME LOAN BANK BOARD

INDEPENDENCE OF THE HOME LOAN BANK BOARD

The bill would remove the Home Loan Bank Board, including the Federal Savings and Loan Insurance Corporation, from the jurisdiction of the Housing and Home Finance Agency and establish the Board as an independent agency in the executive branch of the Government and change the name of the Board to the Federal Home Loan Bank Board.

The home loan bank system was created in 1932 and was the first of the existing agencies of government established by the Congress to assist in the financing of the purchase and construction of homes. It was created as an independent agency in the executive branch of the Government. It continued as an independent agency of the Government until 1939 when it was placed under the Federal Loan Administrator. In 1942 it became a part of the National Housing Agency which is now the Housing and Home Finance Agency. The Board now operates under the general supervision and coordination of the Housing and Home Finance Administrator.

The Board exercises administrative, legislative, and judicial powers similar to those exercised by the Federal Reserve Board and the Federal Deposit Insurance Corporation. The operations of the Federal home loan bank system and the Federal Savings and Loan Insurance Corporation relate to thrift and mortgage institutions of the savings and loan association type and provide a reservoir of credit and a system of insurance in this field similar to that of the Federal Reserve Board and the Federal Deposit Insurance Corporation in the commercial banking field. The Federal home loan banks, as are the Federal Reserve banks, are completely owned by their member institutions. The Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the home loan bank system operate from income received from their member institutions, are wholly self-supporting, and require no appropriation from the Congress for any of their operations. The Federal home loan bank system is a mutual institution owned entirely by its members and in addition to its capital stock, which is member-owned, raises funds in the private market through the issuance of obligations which are not guaranteed by the United States Government. Most, if not all, comparable regulatory agencies of the Government have an independent status reporting directly to the Congress and to the President. In view of the fact that the Board was created originally as an inde-

pendent agency in the executive branch of the Government and the similarity of its functions with other agencies of the Government which have an independent status and the fact that its operations are entirely self-supporting, your committee believes that the Board should again be made an independent agency of the Government. The Senate bill would provide for the independent establishment of the Board and your committee has made no change in this respect.

Under the terms of S. 2126 as passed by the Senate the remaining capital stock owned by the Government in the Federal Savings and Loan Insurance Corporation, which will amount to approximately \$55 million in July of this year, would be retired through the issuance of debentures to the Federal home loan banks. S. 2126 as passed by the Senate also contains a provision which would permit the reduction of the statutory capital stock purchase requirement which member institutions are required to maintain in their regional home loan bank. At the present time each member institution is required to purchase an amount of stock in its regional bank equivalent to 2 percent of the aggregate of the members' home mortgage loans. At the present time it is estimated that under the 2-percent capital-stock requirement these capital stock purchases will amount to from 80 to 90 million dollars annually. Under the terms of the Senate-passed bill this could be reduced by 40 to 45 million dollars annually. It is the opinion of your committee that it would be more prudent to retain the present capital stock purchase requirement and thus increase the capital resources of the home loan bank system in the neighborhood of \$200 million in the next 4 years. In this manner the present statutory method for retiring the remaining government-owned capital stock in the Federal Savings and Loan Insurance Corporation will accomplish the complete retirement of that stock within a 4- to 5-year period and at the same time 4 to 5 times that amount will be added to the resources of the home loan bank system.

TERMINATION OF BANK MEMBERSHIP

The bill would amend the Federal Home Loan Bank Act so as to provide that any member institution may be removed from membership if in the judgment of the Board the character of such institution's management or its home-financing policy is inconsistent with sound and economical home financing or with the purposes of that act.

The Bank Act currently provides that no institution shall be eligible to become a member of a bank if in the judgment of the Board its financial condition is such that advances may not safely be made to it or if the character of its management and home-financing policy is inconsistent with sound and economical home financing or with the provisions of the act. There is, however, no provision for removal of a member institution on these grounds once the institution becomes a member of the Federal Home Loan Bank System. The bill would thus fill a gap in the statutory authority of the Board to terminate benefits to unsound institutions.

The bill also expressly provides that a Federal savings and loan association may not voluntarily withdraw from membership. These institutions are required by law to become members of a Federal home-loan bank. The present law requiring these institutions to be insured does not permit them to voluntarily cancel insurance of accounts by the Federal Savings and Loan Insurance Corporation.

HOME IMPROVEMENT LOANS

Federal savings and loan associations have authority to make loans not in excess of 15 percent of their assets if such loans are insured under the FHA title I modernization and repair program, or insured or guaranteed under the GI bill, or other loans for property alteration, repair, or improvement. However, such loans in the past have been limited to a specific maximum dollar amount unless under the FHA or GI programs. The Housing Act of 1954 in increasing the limit from \$1,500 to \$2,500 inadvertently made the \$2,500 loan limit applicable to the FHA and GI programs. The bill would permit higher loans under these programs. An amendment adopted by your committee would lift the ceiling on conventional improvement loans from \$2,500 to \$3,000 which would conform to the proposed increase in section 101 (c) of the bill in the FHA title I loan program for individual homes from \$2,500 to \$3,000.

INCREASE IN THE NUMBER OF ELECTED DIRECTORS IN CERTAIN FEDERAL HOME-LOAN BANKS

The Federal Home Loan Bank Act presently provides for a board of 12 directors in each Federal home loan bank. Eight directors are elected to each board by the members of the bank and four are appointed by the Home Loan Bank Board. The bill would permit the board to increase the number of elective directors of any Federal home loan bank having a district which includes five or more States comprising such district to a number not exceeding twice the number of States in such district. It would require such additional elective directors to be apportioned as nearly as practicable in the same manner and order as elective directors are now apportioned with respect to different sizes of institution within the district. Your committee adopted an amendment to this provision to make it clear that in any Federal home loan bank district comprising 5 or more States every State shall be entitled to at least 1 elective director and no State shall have more than 3 elective directors. The committee amendment would also limit the number of elective directors in such districts to not exceeding eleven.

FSLIC ADMISSION FEE

The present law requires that the Federal Savings and Loan Insurance Corporation charge (in addition to premiums) a fee as an initial payment for obtaining insurance coverage. That admission fee is now based upon the reserve fund of FSLIC and must constitute an equitable contribution to that fund. The bill would change that requirement to provide that lending institutions applying for insurance hereafter shall pay an admission fee as determined by FSLIC, taking into consideration the cost of processing the applications. This would carry out a recommendation of the General Accounting Office and make the admission fee requirement more consistent with general insurance operations.

COMMUNITY FACILITIES

The July 1, 1957, expiration date for the present advance planning program would be eliminated and the Housing and Home Finance Administrator would be authorized to establish a revolving fund

for the making of planning advances to local agencies for the preparation of a "reservoir" rather than a "shelf" of planned public works. In addition to the \$10 million authorized to be appropriated by the present law, there would be authorized to be appropriated to the revolving fund \$12, \$12, and \$14 million to be made available on or after July 1, 1956, 1957, and 1958 and, in addition, such appropriations from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of \$48 million in outstanding advances (and any undisbursed balances in the fund) for plans of projects which can be expected to be undertaken within a reasonable period of time.

Advances outstanding to public agencies in any one State would be limited to not more than 10 percent of the aggregate then authorized to be appropriated to the revolving fund. Under the present law not more than 5 percent of appropriations may be expended in any one State. Provisions would also be added to the present law which would require a public agency to repay proportionate amounts of advances when only a portion of the construction of a planned public work is undertaken by the local agency.

A new provision of law would be enacted to make the salary of the Community Facilities Commissioner of the Housing and Home Finance Agency the same as that of the heads of the constituent agencies of the Housing Agency, which under the Housing Act of 1948, is \$15,000 per annum. The Community Facilities Commissioner is presently receiving \$14,800 per year pursuant to Public Law 359, 81st Congress and Public Law 375, 82d Congress.

TITLE II—PUBLIC FACILITY LOANS

For 21 years the Public Agency Division of the Reconstruction Finance Corporation assisted municipalities in financing public facility improvements, such as sewage and water distribution systems. During this time, the program, aggregating more than \$1.5 billion, was operated without loss to the Federal Government. Upon the dissolution of the RFC, the authority for this program was specifically retained, to be operated by an agency to be designated by the President. When such an agency was not designated, the Congress approved legislation directing the Housing and Home Finance Agency to administer the program. However, in hearings this year the Commissioner of the Community Facilities Administration, HHFA, has testified that only \$2 million has been made available by appropriations last year for this program. He also has stated that of 308 applications, only 7 had been processed and that most prospective applicants have therefore been discouraged.

Title II would revive this program on an operating basis. It would create a revolving fund not exceeding \$100 million outstanding at any one time. The fund would be established and maintained by HHFA through borrowings from the Treasury at rates of interest established by the Treasury, taking into consideration the current average rate on outstanding United States obligations of comparable maturities at the time of issuance.

S. 2126 would provide a definite priority in administration to applications of smaller municipalities (defined as those with less than 10,000 population). Loan maturities would be limited to 40 years.

The bill would designate the Community Facilities Administration of the HHFA as the responsible agency. This specific designation is intended to constitute assurance that the program will not be neglected. Your committee amended this title of the bill to make it clear that the program extended to the Territories and possessions, and the Commonwealth of Puerto Rico, as well as the several States.

TITLE III—COLLEGE HOUSING

The Housing Act of 1950 contains provisions under which the HHFA Administrator is given authority to make loans to educational institutions to assist in providing housing for their students and faculties. Such loan assistance is available only if the educational institution can show it is unable to secure the necessary funds from other sources upon generally comparable terms and conditions. The loan maturity may not exceed 40 years and the interest rate provided in the loan contract is determined by the Administrator except that such rate may not be less than a minimum rate determined by the Secretary of the Treasury by estimating the yield on outstanding marketable obligations of the United States having a maturity date of 15 or more years. At the present time the loan rate is $3\frac{1}{4}$ percent and by regulation the Administrator has provided that an educational institution under the "generally comparable" test may not obtain a Federal loan if the institution can obtain an outside loan within one-fourth of 1 percent of the going Federal rate on such loans. Under this program a revolving fund of \$300 million was provided and not more than 10 percent of the loan funds provided can be made available to educational institutions within any one State.

As of May 31, 1955, approximately \$133 million of college-housing loans had been made or approved for 173 educational institutions. Of these totals 37 loans were to tax-supported institutions in a total approximate amount of \$36 million and 136 loans were to private educational institutions in a total approximate amount of \$97 million.

The Senate bill would make several amendments to the existing college-loan program. The changes which have been approved by your committee would (1) broaden the loan authority to include loans for other essential service facilities, (2) extend the maximum loan term from 40 years to a maximum of 50 years, (3) change the interest rate formula which at the present time would provide a $2\frac{3}{4}$ percent interest rate on new loans and be made applicable to loans now under contract but on which final disbursements have not been made, (4) relate the test of availability of outside financing to terms "equally as favorable" rather than "generally comparable," (5) increase the revolving fund by \$200 million, and (6) prohibit any loan on a facility the construction of which was completed prior to the filing of a loan application.

The Senate bill also redefined the term "educational institution" and included therein an affiliated nonprofit corporation organized solely for the purpose of providing housing and other educational facilities for the parent educational institution. This would make such an affiliated corporation eligible as an obligor on a Government housing loan. Your committee did not include the nonprofit affiliated building corporation in its redefinition of educational institution as the

committee was of the opinion the obligor on the loan should be the educational institution itself particularly in view of the fact that most of the educational loans made under the program are to private educational institutions. To date in the Government's college-loan program there has been only one case in which an educational institution sought to use an affiliated building corporation. The loan application was set up on the basis of the educational institution also being an obligor on the loan. The loan application was withdrawn prior to approval as the institution (a State university) was able to place its loan on favorable terms in the private investment market.

Your committee added a cost certification requirement to the college loan provisions of the bill. This cost certification requirement is consistent with the cost certification requirements in the National Housing Act and requires a borrower to apply the surplus, if any, of loan proceeds over actual costs to reduction of the loan. In practice such cost certification is already required by regulations issued under the college housing program but the committee was of the opinion this should be a statutory requirement.

It would appear that the private educational institutions of higher learning have largely overlooked financial assistance that would be available to them under already existing law in connection with the problem of housing for faculty members. Most such schools have funds for investment and do invest in mortgages as well as bonds and other securities. In many cases they will make home purchase mortgage loans to faculty members but only on restricted conventional terms. For instance, one private midwestern university will make such a loan to a faculty member at $4\frac{1}{2}$ percent interest but only on a 60 percent of value basis and for a term not to exceed 15 years. Such terms, of course, are of little benefit to faculty members because of the prohibitive amounts of cash downpayment and large monthly payments required. The institution on the other hand, and quite properly so, holds to the policy that its investment of endowment funds must be on a basis above criticism. However, if such an institution would become an approved lender under the FHA-insured or VA-guaranteed home-loan programs for the purpose of making mortgage loans to faculty members, it could then make 25- to 30-year mortgage loans with very moderate cash downpayment and monthly payment requirements and have a mortgage loan in its investment account that would be beyond any criticism. Certainly since Congress in its national banking laws permits national banks to invest in FHA and VA home-mortgage loans without regard to the rigid restrictions otherwise applicable to real estate loans it could hardly be contended that FHA-insured and VA-guaranteed mortgage loans could be other than prime investments for any endowment fund of an educational institution.

In the case of FHA the educational institution to become an approved lender would have to make a showing that it was equipped to make and service real-estate loans. In the case of the VA it would only be necessary for the educational institution to submit a proposed loan to a VA office for prior approval of the guaranty. Any of the regional offices of FHA or VA could advise an educational institution of the steps to be taken.

TITLE IV—MILITARY RENTAL HOUSING

Title IV of the bill relates to privately financed military housing. It would bring the Wherry Act up to date, and make it a fully workable vehicle for obtaining privately built, privately financed, and privately owned housing in many areas where housing for the military may be needed. Under this act, some 88,000 units for military personnel have been or are in the process of being built by private enterprise with private funds. It does not seem desirable to abandon this useful act; rather, it seems preferable to try to make it as workable as possible and use it wherever it can do the job.

S. 2126 as reported by your committee would extend the Wherry Act for 3 years until June 30, 1958, thus giving the military adequate time for planning and development, and make a number of other changes, including—

(1) Elimination of the requirement for certification that the military installation is a permanent part of the Military Establishment and requiring a simple certification that the housing with respect to which the mortgage is made is necessary to assure that adequate housing, within reasonable commuting distance of the installation, will be available for such personnel and that there is no intention, so far as can reasonably be foreseen, to substantially curtail activities at such installation or the personnel assigned or to be assigned to such installation.

(2) Increasing the present maximum mortgage amount per unit for multifamily housing from \$8,100 (90 percent of \$9,000) to \$9,900 (90 percent of \$11,000), and by giving discretion to increase this to \$10,800 (90 percent of \$12,000) where cost levels so require.

(3) Increasing the maximum mortgage amount for single-family rental units from \$9,000 (90 percent of \$10,000) to \$10,800 (90 percent of \$12,000).

(4) Permitting the construction of two-family rental housing structures.

(5) Providing for an allowance for contractor's or builder's profit of 10 percent of actual costs.

S. 2126 also includes a provision which would permit the military to purchase any Wherry Act project, where the owner or owners of such project are willing, at the fair market value of the property as determined by independent appraisal, or to acquire the property by condemnation in case reasonable efforts to negotiate a purchase are unsuccessful. Where new housing built in accordance with military specifications is purchased, the bill provides that its fair market value shall not be less than the cost of construction, allowing for normal depreciation, where there has been no deterioration chargeable to the negligence or fault of the builder.

SMOKE ELIMINATION AND AIR POLLUTION

Title V of S. 2126 as passed by the Senate would provide for a program of research and loans to assist in smoke elimination and air pollution. In view of the fact that the Senate had passed a separate bill, S. 928, entitled the "Air Pollution Control Act of 1955," which was referred to the Committee on Interstate and Foreign Commerce,

has been considered by that committee, and ordered reported, your committee adopted an amendment which would strike the smoke-elimination and air-pollution provisions of S. 2126.

TITLE V—FARM HOUSING

S. 2126 as reported would provide for a continuation through fiscal year 1956 of the farm housing assistance program authorized in title V of the Housing Act of 1949 (Public Law 171, 81st Cong.). The bill as reported would authorize appropriations of an additional \$100 million for farm loans authorized to be made on adequate farms, an additional \$2 million to permit the payment of annual contributions in connection with loans on potentially adequate farms, and an additional \$10 million for special grants and loans required to make farm housing safe and sanitary.

During the entire life of the farm-loan program under title V some 19,000 initial loans were made for a total of \$97 million. This program has not been operative since June 30, 1954, but the need for it is shown by the increase in loans made under the Bankhead-Jones Act during the same period. Despite the fact that the Bankhead-Jones Act does not provide the full coverage of title V, its loan volume increased from \$28 million in 1954 to \$41 million for the first 10 months of 1955. From the standpoint of economic soundness the records of the title V farm-loan program indicate that a great preponderance of the loans made have been sound. As of December 31, 1954, the regular payments as a percentage of the scheduled installments on these loans were 105.6 percent. There have been very few foreclosures under the program.

Title V of the Housing Act of 1949 provides for—

(1) Loans for housing and buildings on adequate farms up to 33 years at not more than 4 percent interest.

(2) Similar loans for housing and buildings on potentially adequate farms, supplemented by annual contributions applied as a partial credit on interest and principal payments, can be made to owners of farms which through enlargement or improvement can be made self-sustaining within a period of not more than 10 years.

(3) Loans and grants for minor improvements and minimum repairs to farmhouses and buildings to assure decent, safe, and sanitary housing and buildings, and loans to enlarge or develop farms.

Assistance can be provided to farmowners for themselves or for their tenants, lessees, sharecroppers, or laborers. A "farm" is defined as a parcel or parcels of land operated as a single unit which is used for the production of agricultural commodities and which customarily produces or is capable of producing such commodities of a gross annual value of not less than the equivalent of \$400 in 1944.

Last year your committee reported and the Congress enacted as part of the Housing Act of 1954 a similar extension of the title V program. Your committee deeply regrets that the executive branch of the Government did not see fit to request any funds to carry out the intent of the Congress in this matter. As a result, the title V farm-housing program has been dormant since June 30, 1954. It is the hope of your committee that this act of omission will not be repeated this year.

TRANSFER OF FARM LABOR CAMPS

Your committee adopted an amendment contained in section 502 of the bill, as reported, authorizing the conveyance of farm labor camps to local public-housing agencies without payment for the property. The amendment would require such agencies to give first preference in the occupancy of the farm labor camps to low-income agricultural workers and their families and second preference to other low-income persons and their families. The projects would be required to be used for these purposes and other public purposes for a period of 10 years from the date of conveyance. It is the understanding of your committee that many of these farm labor camps are in need of extensive repairs and that the conveyance of these projects would enable the local public-housing agencies to use project revenues to make the necessary repairs and improvements to the dwellings. Under existing provisions of law only maintenance repairs are authorized.

In view of the fact that there may be valuable mineral deposits underlying some of these projects the amendment contains a provision directing the Government to reserve to the United States all mineral rights upon, in, or under the property, including the right of access to and use of such parts of the surface of the property as may be necessary for mining and saving the minerals.

SECTION-BY-SECTION SUMMARY OF THE BILL AS REPORTED

SECTION 1. SHORT TITLE

This section provides that the act may be cited as the "Housing Amendments of 1955".

SECTION 101. EXTENSION AND AMENDMENTS OF TITLE I FHA HOME-IMPROVEMENT PROGRAM

Subsection (a) would amend section 2 of the National Housing Act to extend the FHA title I home repair, modernization, and improvement program for 1 year—from July 1, 1955, to July 1, 1956. Under the title I program the Federal Housing Administration insures lending institutions against loss on home repair and modernization and improvement loans. FHA liability is limited to 90 percent of loss on individual loans and to 10 percent of all title I loans held by a lending institution.

Subsection (b) would amend section 2 of the National Housing Act to provide that a house must have been completed and occupied for at least 2 months instead of 6 months, as is presently required, before a loan for improvements of the home is eligible for title I FHA insurance.

Subsection (c) would amend section 2 (b) of the National Housing Act, as amended, to raise from \$2,500 to \$3,000 the ceiling on loans for home improvements, repair or modernization which can be insured under title I of the act.

SECTION 102. TITLE II MORTGAGE INSURANCE

The separate limitation of \$100 million under section 203 (i) of the National Housing Act for farm-housing mortgages insured by FHA under that section would be eliminated by subsection (a) of section 102. The Housing Act of 1954 perfected a consolidation of all outstanding FHA mortgage insurance authorizations (previously provided for secs. 8, 203, 207, 213, 217, 603, 610, 803, and 903 of the National Housing Act) into a single authorization provided for under section 217 of that act, and eliminated the separate insurance limitation for each of the programs under these sections. This consolidation simplified FHA administration of the insurance authorizations and Presidential actions related thereto.

The Housing Act of 1954 created several new mortgage insurance programs which are operated under the single mortgage insurance authorization, including farm home mortgage insurance under section 203 (i) of the National Housing Act. However, unlike the other sections, section 203 (i) contained a separate subsidiary authorization limitation of \$100 million.

Subsection (b) would revise the present dollar amount limitations in the National Housing Act for FHA insured mortgages financing multi-

family projects. The present \$5 million limitation would be increased to \$12.5 million for projects with private sponsorship under the regular section 207 rental housing program, the section 213 cooperative housing program, the section 221 program for housing for families displaced from slum clearance or urban renewal areas or as a result of Government action, and the section 220 program for the construction or rehabilitation of housing in slum clearance or urban renewal areas. Where the mortgagor of a section 207 rental housing project is a public body or subject to certain Federal or State supervision, under the bill the dollar limit with respect to any one mortgage instrument and with respect to the aggregate amount of such commitments shall be \$50 million. Where a cooperative is building housing which will be permanently occupied by its members and the cooperative is regulated or supervised by Federal or State law as to rents, charges, and methods of operation the dollar limit with respect to any one mortgage and with respect to the aggregate amount of commitments shall be \$25 million.

Subsection (c) would amend section 213 (b) (2) of the National Housing Act to provide that the basis for determining the maximum amount of a mortgage financing cooperative housing which can be insured by FHA under section 213 would be estimated "replacement cost" of the project instead of "estimated value" as is presently required.

Section 213 (b) (2) would also be amended by subsection (d) of this section of the bill to reduce from 65 to 50 percent, the percentage of veteran members required in a cooperative in order to obtain the more favorable mortgage terms under section 213 for veterans' cooperatives.

Subsection (c) of this section would amend section 213 (d) of the National Housing Act to provide specifically that mortgage insurance can be provided by FHA under the multifamily provisions of section 213 for structures consisting of eight or more family units.

Subsection (f) would amend section 217 of the National Housing Act (the FHA general mortgage insurance authorization) to authorize FHA mortgage insurance up to the aggregate of outstanding insurance liability and commitments on June 30, 1955, plus \$4 billion. It is estimated that this amount of insurance authorization will provide for the estimated amount of housing which will require FHA mortgage insurance assistance during fiscal year 1956. The amount of unused authorization under existing legislation remaining on June 30, 1955 (estimated to be over \$600 million), would be merged with the new additional authorization provided. Thus, the new additional authorization is estimated to be under \$3.4 billion.

Subsection (g) of section 102 of the bill would amend section 220 (d) (3) of the National Housing Act to provide that the maximum amount of a mortgage to be insured under section 220 of the National Housing Act may be determined on the basis of estimated "replacement cost" rather than "estimated value" as required by the present provisions of section 220. Section 220 provides for the insurance of mortgages financing the construction or rehabilitation of housing in slum clearance or urban renewal areas.

Subsection (h) of section 102 provides that the Federal Housing Commissioner shall appoint a Special Assistant for Cooperative Housing and provide the Special Assistant with adequate staff, whose sole responsibility would be to expedite operations of the FHA under

section 213 of the National Housing Act for the provision of mortgage insurance for cooperative housing.

Subsection (i) of this section would amend section 227 of the National Housing Act to remove a requirement presently in that section that cost certifications shall be provided by builders of single-family homes with mortgages insured under section 221 of the act.

Subsection (j) of section 102 would add a new provision to section 227 of the National Housing Act. This new provision would require cost certifications from builders of 5- to 11-family residences with mortgages insured under section 220 (d) (3) (A) of the National Housing Act. Under the present provisions of section 227, mortgagors on mortgages insured under section 220 (d) (3) (B) financing multifamily housing are already required to provide cost certifications.

Section 221 of the National Housing Act would be amended by subsection (k) to permit the housing assisted under that section to be available for families living in an urban renewal area even though such families are not required by governmental action to leave the area. Section 221 provides FHA mortgage insurance for low-cost housing for families displaced by slum clearance or urban renewal activities or by other governmental action.

Subsection (l) of section 102 would amend section 223 of the National Housing Act to permit cooperative housing groups to finance the purchase of Government-owned housing being disposed of under other provisions of law with the assistance of mortgages insured under the section 213 cooperative housing mortgage insurance provisions of the National Housing Act.

SECTION 103. FEDERAL NATIONAL MORTGAGE ASSOCIATION

Subsection (a) of this section would amend section 304 (a) of the National Housing Act (the charter of the Federal National Mortgage Association) to provide that the Federal National Mortgage Association, in its secondary market operations, shall purchase home mortgages at a reasonable price level, as determined by the Association, taking into consideration the market for mortgages of the same general class, and current yields on, and reasonably foreseeable price trends of, long-term Government bonds and other forms of long-term investment.

The Federal National Mortgage Association would be authorized by subsection (b) (which amends sec. 305 of the National Housing Act) to enter into advance commitments totaling not more than \$50 million outstanding at any one time to purchase cooperative housing mortgages insured by the Federal Housing Administration under section 213 of the National Housing Act. Not more than \$5 million of the authorization provided could be used for commitments in any one State.

SECTION 104. DEFENSE HOUSING AND COMMUNITY FACILITIES

This section would amend section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, to extend for an additional year (until July 1, 1956) on a standby basis the authority in that act to provide assistance to defense housing and

community facilities and services. This would include extension of title IX of the National Housing Act which provides a special mortgage insurance program for defense housing.

SECTION 105. SLUM CLEARANCE AND URBAN RENEWAL

Subsection (a) of this section would increase the authorization in title I of the Housing Act of 1949 for capital grants for slum clearance and urban renewal by an additional \$200 million to be made available on July 1, 1955, and another \$200 million to be made available on July 1, 1956. Also, the President would be authorized to increase the authorization at any time or times by an additional \$100 million.

Under section 106 (e) of the Housing Act of 1949, not more than 10 percent of the capital grants authorized under title I of the Housing Act of 1949, as amended, may be expended in any one State, except that an additional \$35 million (subject always to the limitation on the total authorization) of capital grants may be allocated to local public agencies in States in which more than two-thirds of the maximum capital grants permitted in those States has been obligated. Subsection (b) of this section would increase the \$35 million authorization to \$70 million, which increase corresponds to the increase in the total capital grant authorization.

Subsection (c) of section 105 would add a provision to section 110 (c) of the Housing Act of 1949 which would authorize loans and advances to be made under the slum clearance and urban renewal program to assist in the redevelopment of either predominantly open land or open land for industrial or other nonresidential uses. The local governing body would be required to determine that such redevelopment is necessary and appropriate. The loans and outstanding advances to any local public agency for this purpose would not be permitted to exceed 2½ percent of the estimated gross project costs of all the other urban renewal or redevelopment projects undertaken by that agency.

SECTION 106. URBAN RENEWAL IN TERRITORIES

This section is a technical amendment to permit Territories to take full advantage of the provisions of title I of the Housing Act of 1949, as amended by the Housing Act of 1954, making financial assistance available for urban renewal projects. The Territorial Enabling Act of 1950 authorized the governments of the Territories to enact laws which would authorize municipalities or public authorities in those Territories to carry out slum-clearance and redevelopment projects which would be eligible for financial assistance under title I of the Housing Act of 1949. However, the Housing Act of 1954 added provisions to the Housing Act of 1949 to authorize Federal aid to urban renewal, which includes aid not only for land acquisition and clearance for redevelopment as previously provided, but also aid to help in preventing the spread of slums and blight through rehabilitation and conservation measures. This section would broaden the authority of the Territories in this respect to cover the broader urban renewal activities.

SECTION 107. PUBLIC HOUSING

Subsection (a) of this section would terminate the requirement that before a contract for annual contributions to a public housing project can be entered into by the Public Housing Administration the community must have a workable program for the prevention and elimination of slums and blight in the locality.

Subsection (b) would repeal a number of restrictive provisions in the Independent Offices Appropriation Acts for fiscal years 1952, 1953, and 1954 and subsection 10 (j) of the United States Housing Act of 1937, as amended. The provisions which would be repealed are as follows:

(1) An amendment which provides for negotiation of settlement of contracts for public housing (which has not been completely constructed) where disapproval of the public housing to be provided under the contracts has been expressed by referendum or the elected representatives of the community.

(2) A proviso that no new contracts with respect to public housing shall be entered into which would bind PHA for any future years with respect to loans or annual contributions for any additional dwelling units unless authorized by Congress to do so.

(3) The so-called Roanoke amendment which prohibited PHA from authorizing the construction of any projects in any locality in which the projects have been rejected by the governing body of the locality or by public vote unless the projects are subsequently approved by the same procedure through which they were rejected.

(4) The so-called Gwinn amendment.

(5) The provision which requires certain provisions in annual contributions contracts with respect to payment of net receipts in proportionate amounts to the Federal and local governments after obligations for which annual contributions are pledged have been paid in full by the local authority.

Subsection (c) would amend section 10 (i) of the United States Housing Act of 1937, as amended, to permit the remainder of the authorization to execute annual contributions contracts in fiscal year 1955 to be used, and to limit the number of additional units for which new contracts for loans and annual contributions can be made to 35,000 units during each of the fiscal years 1956 and 1957. Any balances not utilized during these years would remain available until June 30, 1958. No further new contracts for annual contributions or loans could be entered into for additional dwelling units unless authorized by the Congress.

As amended by subsection (c), provisions presently in section 10 (i) of the United States Housing Act would be removed which (1) prohibit new contracts to be made except with respect to projects to be undertaken in a community in which there is being carried out a slum-clearance and redevelopment or urban renewal project assisted by the Federal Government, and (2) limit the number of dwelling units in a community under new contracts to the number of units needed for the relocation of families displaced as a result of Federal, State or local governmental action in the community.

Subsection (d) of section 107 would amend section 21 (d) of the United States Housing Act of 1937 to increase from 10 percent to 15 percent the maximum portion of annual contribution and grant funds for public housing which may be made to any one State.

Subsection (e) would amend section 605 (a) of the Lanham Act to authorize the Housing and Home Finance Administrator to acquire (where certain conditions exist) by condemnation a fee title to certain lands in Richmond, Calif., in which the Administrator now holds a less than fee simple interest, for use in the war housing and veterans' housing programs. The Administrator would also be authorized, at the request of the city, to sell such land at fair market value to the city or to the local redevelopment agency upon payment of one-third of the sales price at the time of conveyance and the balance at 4-percent interest. No payments in lieu of taxes could be made with respect to the land during the time title is held by the Administrator.

SECTION 108. PUBLIC HOUSING FOR LOW-INCOME ELDERLY FAMILIES

Subsection (a) of this section would add a new definition of "elderly families" to section 2 of the United States Housing Act of 1937, as amended. Under this definition "elderly families" are families the head of which or the spouse is 65 years of age or over or families consisting of a single person 65 years of age or over.

Subsection (b) would add a new provision to section 10 of the United States Housing Act of 1937, as amended, which would authorize the Public Housing Administration to enter into contracts for annual contributions after July 1, 1955, in respect to 10,000 dwelling units designed for elderly families, and an additional 10,000 units after July 1, 1956, for elderly families. The total authorization for annual contributions under the act would be increased by \$3 million a year on July 1, 1955, and by the same amount on July 1, 1956. Elderly families would be given a first preference for admission to such units. In respect to other low-rent public housing, elderly families may be given a preference, but such preference would apply to no more than 10 percent of the expected admissions in any year to all dwelling units owned or operated by the local housing agency as low-rent housing within the meaning of the United States Housing Act. The Public Housing Administration would also be authorized to permit local public housing agencies to reconstruct or remodel any low-rent housing to provide accommodations designed for elderly families.

SECTION 109. HOME LOAN BANK BOARD

This section would amend section 6 (i) of the Federal Home Loan Bank Act to provide that any member institution may be removed from membership if in the judgment of the Home Loan Bank Board it is insolvent or the character of such institution's management or its home-financing policy is inconsistent with sound and economical home financing or with the purposes of that act. A member institution (which is a savings and loan or building and loan type) would be deemed insolvent if its assets are less than its obligations to its creditors and others, including the holders of its withdrawable accounts.

The present law provides that no institution shall be eligible to become a member of a bank if in the judgment of the Home Loan

Bank Board its financial condition is such that advances may not safely be made to it or if the character of its management and home financing policy is inconsistent with sound and economical home financing or with the provisions of the act. There is, however, no provision for removal of a member institution for these grounds once the institution becomes a member of the Federal home loan bank system. The bill would correct this situation.

The section also expressly provides that a Federal savings and loan association may not voluntarily withdraw from membership. These institutions are required by law to become members of a Federal home loan bank. The present law requiring these institutions to be insured does not permit them to voluntarily cancel insurance of accounts by the Federal Savings and Loan Insurance Corporation.

Subsection (2) of this section would add provisions to section 7 of the Federal Home Loan Bank Act which would permit the Home Loan Bank Board, in any district in which there are more than four States to increase the directorate so that there could be as many as, but not more than, twice as many elective directors as there are States. However, there shall be not less than 1 elective director from any State nor more than 3 elective directors from any State in any such district and in no event shall the total number of elective directors in any one district exceed 11.

The Federal Home Loan Bank Act presently provides for a board of 12 directors in each Federal home loan bank. Eight directors are elected to each board by the members of the bank and four are appointed by the Home Loan Bank Board. The new provision would permit all States to be represented on the board of directors and permit recognition to be given to the relevant financial importance of the institutions in the various States.

Subsection (3) would add a new subsection (b) to section 17 of the Federal Home Loan Bank Act, as amended, which would remove the Home Loan Bank Board, including the Federal Savings and Loan Insurance Corporation, from the Housing and Home Finance Agency and establish the Board as a separate independent agency in the executive branch of the Government. The name of the Board would be changed to the Federal Home Loan Bank Board.

SECTION 110. REMOVAL OF \$2,500 LIMITATION ON FHA AND VA IMPROVEMENT LOANS BY FEDERALS

This section would make a correction in the existing law to remove the specific dollar limitation as applied to the amount of an FHA or VA insured or guaranteed loan made by a Federal savings and loan association. It would also increase the maximum dollar loan for noninsured or nonguaranteed improvement or repairs from \$2,500 to \$3,000 to conform to the increase in section 101 (c) of the bill.

SECTION 111. ANNUAL REPORT TO CONGRESS

This section would amend section 406 (e) of the National Housing Act to provide that the Federal Savings and Loan Insurance Corporation shall make an annual report to Congress rather than to the Housing and Home Finance Administrator as presently required.

SECTION 112. FSLIC ADMISSION FEE

This section would amend section 403 (d) of the National Housing Act, as amended, to provide that lending institutions applying for insurance by the Federal Savings and Loan Insurance Corporation hereafter shall pay an admission fee as determined by FSLIC, taking into consideration the cost of processing the applications.

SECTION 113. RESERVE OF PLANNED PUBLIC WORKS

This section would amend section 702 of the Housing Act of 1954, which authorized the third public works advance planning program, to make the following changes:

(1) The Housing and Home Finance Administrator would be authorized to establish a revolving fund for the making of planning advances. In addition to the \$10 million authorized to be appropriated by section 702 as originally enacted there would be authorized to be appropriated to the fund \$12 million, \$12 million, and \$14 million to be made available on or after July 1, 1956, 1957, and 1958 and, in addition, such appropriations from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of \$48 million in outstanding advances (and any undisbursed balances in the fund) for plans of projects which can be expected to be undertaken within a reasonable period of time.

(2) Advances outstanding to public agencies in any one State would be limited to not more than 10 percent of the aggregate then authorized to be appropriated to the revolving fund. (Under the present law not more than 5 percent of appropriations may be expended in any one State.)

(3) The July 1, 1957, expiration date for the present program would be eliminated.

(4) Provisions would be added to the law which would require a public agency to repay only proportionate amounts of advances when only a portion of the construction of a planned public work is undertaken by the local public agency.

SECTION 114. SALARY OF COMMUNITY FACILITIES COMMISSIONER

This section would make the salary of the Community Facilities Commissioner of the Housing and Home Finance Agency the same as that of the heads of the constituent agencies. The Housing Act of 1948 has fixed this compensation at \$15,000 per annum.

TITLE II. PUBLIC FACILITY LOANS

SECTION 201. PUBLIC FACILITY LOANS—DECLARATION OF POLICY

This section states that it has been the policy of Congress to assist States and their political subdivisions to provide the services and facilities essential to the health and welfare of the people of the United States. It states further that the purpose of title II is to authorize the extension of credit to assist in the provision of certain essential public works where such credit is not otherwise available on reasonable terms and conditions.

SECTION 202. FEDERAL LOANS FOR PUBLIC FACILITIES

Subsection (a) of this section would authorize the Housing and Home Finance Administrator, acting through the Community Facilities Administration, to make loans to States, municipalities, and other public agencies and instrumentalities of one or more States to finance specific public projects under State or municipal law.

Subsection (b) would provide that no loans shall be extended unless the financial assistance applied for is not otherwise available on reasonable terms, the loans shall be so secured as reasonably to assure retirement or repayment, and loans may be made either directly or in cooperation with banks or other lending institutions. The maturity dates of the loans could not exceed 40 years.

Subsection (c) would provide that priority shall be given to applications for loans of smaller communities (municipalities of less than 10,000 population) for assistance in the construction of basic public works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems.

SECTION 203. FINANCING OF LOANS

To provide funds for public facility loans the Housing and Home Finance Administrator would be authorized by this section to borrow from the Treasury and have outstanding at any one time up to \$100 million in obligations to the Treasury. Obligations to the Treasury would bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable United States obligations of comparable maturities.

Subsection (b) would provide that funds borrowed from the Treasury and any proceeds from the funds shall constitute a revolving fund to carry out the purposes of title II.

SECTION 204. GENERAL PROVISIONS

This section would provide powers to the Administrator for carrying out the purposes of title II and that funds obtained or held by the Administrator under this title shall be available for the administrative expenses of carrying out the functions under the title.

Title II would be made applicable to the States, the District of Columbia, Puerto Rico, and the Territories and possessions of the United States.

SECTION 205. TERMINATION OF AUTHORITY TO MAKE LOANS UNDER THE RECONSTRUCTION FINANCE CORPORATION LIQUIDATION ACT

This section would provide that no loans shall be made under section 108 of the Reconstruction Finance Corporation Liquidation Act, as amended, after the date of enactment of the Housing Amendments of 1955, except pursuant to an application for a public facility loan filed prior to such date.

TITLE III—COLLEGE HOUSING

SECTION 301. BROADENING AND LIBERALIZING OF COLLEGE HOUSING LOAN PROGRAM

This section would amend section 401 of the Housing Act of 1950, as amended, to broaden the purposes for which college housing loans could be made, and second, to authorize such loans to be made on more liberal terms.

Under subsection (a) of section 401 of the 1950 act as it would be amended the Administrator would be authorized to make loans not only for housing but also for "other educational facilities." The revised subsection would also provide that an eligible loan is to be made unless funds can be obtained by the educational institution upon terms equally as favorable as the terms of the Government loan. Under the present provisions of this subsection, loans are not made unless the educational institution shows that it is unable to secure the necessary funds from other sources upon terms and conditions generally comparable to the terms and conditions applied to the Government loans.

Subsection (b) of section 401 (as amended by this section of the bill) would provide that any educational institution which has contracted for housing or other educational facilities prior to the date of enactment of the Housing Amendments of 1955 may receive loans as authorized under the amended title IV. However, no loan could be made under the amended provisions where construction of the housing or other educational facilities had been begun prior to the effective date of the Housing Amendments of 1955, or completed prior to the filing of an application under the amended title.

Subsection (c) of the amended section 401 would increase the maximum terms of the loans from 40 years to 50 years, and lower the interest rate charge to the institutions. (For example, under the formula provided in the amended subsection the rate which would be charged under present circumstances would be $2\frac{3}{4}$ percent. Under the present provisions of law, the present rate being charged is $3\frac{1}{4}$ percent.)

Subsection (d) of the amended section 401 would provide for an increase from \$300 million to \$500 million in the total amount of obligations which can be issued to the Treasury and outstanding at any one time to provide funds for loans. Not more than \$100 million of these obligations can be used for other educational facilities.

Subsection (e) of the amended section 401 would reduce the rate paid by the Agency on borrowings from the Treasury to provide funds for loans. As an example of the reduction, the rate under the amended section would be (under present circumstances) $2\frac{1}{2}$ percent, whereas under the existing law it is $2\frac{3}{4}$ percent.

Subsection (f) is the same as subsection (d) of the existing law.

Subsection (g) of the new section 401 would require the educational institution to make a cost certification similar to the cost certification required under the FHA multifamily mortgage insurance programs. This cost certification is designed to prevent the borrower from retaining more funds under the loan than are required for project costs.

Section 302 of the bill would amend section 404 (c) of the Housing Act of 1950, as amended, to include "other educational facilities" in the definition of "development cost" provided in that subsection.

Section 303 of the bill would amend section 404 (b) of the Housing Act of 1950 to make it clear that the definition of "educational institution" includes junior colleges.

Section 303 also adds a new subsection to section 404 which would add to existing law a definition of "other educational facilities." Under this definition "other educational facilities" would include (1) new structures suitable for use as cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, and for other essential service facilities; and (2) structures suitable for the foregoing uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

SECTION 304. SHORT TITLE

This section provides that title III may be cited as the "College Housing Amendments of 1955."

TITLE IV—MILITARY HOUSING

SECTION 401. PRIVATELY FINANCED MILITARY HOUSING

This section would extend for 3 additional years (from June 30, 1955, to June 30, 1958) the life of the FHA title VIII (Wherry Act) military housing mortgage insurance program.

This section would also change section 803 of the National Housing Act which requires that no mortgage shall be insured under title VIII unless the Secretary of Defense or his designee has made certain certifications to the Federal Housing Commissioner. This section of the bill would require these certifications to state that the housing with respect to which the mortgage is made is necessary to assure that adequate housing, within reasonable commuting distance of the military installation, will be available for the military personnel for which the housing is being provided, and that there is no intention, so far as can reasonably be foreseen, to substantially curtail activities at the military installation or the personnel assigned or to be assigned to the installation.

Section 803 of the National Housing Act would be further amended by this section to increase the mortgage limits prescribed in that section. These limits would be increased from \$8,100 to \$9,900 per family unit in the case of multifamily housing, and from \$9,000 to \$10,800 for a single-family detached dwelling. A provision would be added for a mortgage limit of \$20,500 on two-family residences. The Federal Housing Commissioner would also be permitted to increase the \$9,900 limit per family unit for multifamily housing by not exceeding \$900 in high-cost areas.

A provision would be added to section 803 (b) (3) of the National Housing Act, which requires cost certifications from the builders of title VIII military housing, to provide that the amount to be included in the actual cost of the housing as the allowance for builder's profit under the cost certification shall be an amount equal to 10 percent of the actual cost as that term is defined in section 227 of the National Housing Act.

SECTION 402. AUTHORITY TO SECRETARY OF DEFENSE TO PURCHASE
LAND OR TITLE VIII HOUSING

This section would authorize the Secretary of Defense to purchase unimproved land or any title VIII housing at its fair market value as determined by independent appraisal. With respect to new housing built in accordance with military specifications, where there has been no deterioration chargeable to the fault of the builder, the fair market value shall be not less than the actual cost of construction making due allowance for normal depreciation. The Secretary would also be authorized, when he deems it necessary, to acquire such land or housing by condemnation. However, before condemnation proceedings are instituted an effort would have to be made to acquire the property by negotiation unless in the judgment of the Secretary such negotiations would involve delay contrary to the interest of the national defense. Provision is made for prompt compensation of the owners in condemnation cases.

TITLE V—FARM HOUSING

SECTION 501. FARM HOUSING

This section would provide the following additional authorization for farm housing under title V of the Housing Act of 1949, as amended, to be available on or after July 1, 1955: (1) \$100 million in the amount of loan funds which can be obtained from the Treasury; (2) \$2 million per annum in the amount of annual contribution commitments for housing on potentially adequate farms; and (3) \$10 million in the amount of appropriations authorized for loans and grants for improvements and repairs.

Title V of the 1949 act authorizes the Secretary of Agriculture to make (1) long-term loans to farmers having adequate farms who are nevertheless unable to obtain private credit on reasonable terms; (2) similar loans supplemented by modest contributions for 5 years, where the farmer is unable to undertake to repay the loan in full and the farm is not adequate but capable of being improved to the point where it is self-sustaining; and (3) modest loans and grants to help farm families on very poor farms to undertake minor improvements or minimum repairs to farm dwellings where necessary to remove hazards to the health or safety of the occupants.

SECTION 502. DISPOSAL OF FARM LABOR CAMPS

This section would add provisions to section 12 (f) of the United States Housing Act of 1937, as amended, to authorize the Public Housing Administration to transfer farm-labor camps without monetary consideration to any public-housing agency whose area of operation includes such a project. The transfer shall be conditioned upon preference for occupancy in such projects being given first to low-income agricultural workers and their families and, second, to other low-income persons and families. However, any vacant accommodations for which there are no eligible applicants in these preference groups may be occupied by other families but shall be vacated promptly when needed to house low-income agricultural families. The project shall be so utilized, or utilized for other public purpose, for 10

years from the date of transfer. Provision is also made for reservation to the United States of all mineral rights upon, in, or under the property.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House, changes in existing law made by the bill, as passed the Senate, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

NATIONAL HOUSING ACT, AS AMENDED

TITLE I—HOUSING RENOVATION AND MODERNIZATION

* * * * *

SEC. 2. (a) The Commissioner is authorized and empowered upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which the Commissioner finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them on and after July 1, 1939, and prior to [July 1, 1955] *July 1, 1960*, for the purpose of financing alterations, repairs, and improvements upon or in connection with existing structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, hurricane, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than six months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Commissioner under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after July 1, 1939, exceed 10 per centum of the total amount of such loans, advances of credit, and purchases: *Provided*, That with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on any such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 per centum of such loss. The aggregate amount of all loans, advances of credit, and obligations purchased, exclusive of financing charges, with respect to which insurance may be heretofore or hereafter granted under this section and outstanding at any one time shall not exceed \$1,750,000,000.

After the effective date of the Housing Act of 1954, (i) the Commissioner shall not enter into contracts for insurance pursuant to this section except with lending institutions which are subject to the inspection and supervision of a governmental agency required by law to make periodic examinations of their books and accounts, and which the Commissioner finds to be qualified by experience or facilities to make and service such loans, advances or purchases, and with such other lending institutions which the Commissioner approves as eligible for insurance pursuant to this section on the basis of their credit and their experience or facilities to make and service such loans, advances, or purchases; (ii) only such items as substantially protect or improve the basic livability or utility of properties shall be eligible for financing under this section, and therefore the Commissioner shall from time to time declare ineligible for financing under this section any item, product, alteration, repair, improvement, or class thereof which he determines would not substantially protect or improve the basic livability or utility of such properties, and he may also declare ineligible for financing under this section any item which he determines is especially subject to selling abuses; and (iii) the Commissioner is hereby authorized and directed, by such regulations or procedures as he shall deem advisable, to prevent the use of any financial assistance under this section (1) with respect to new residential structures that have not been completed and occupied for at least six months, or (2) which would, through multiple loans, result in an outstanding aggregate loan balance with respect to the same structure exceeding the dollar amount limitation prescribed in this subsection for the type of loan involved.

(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it (1) if the amount of such loan, advance of credit, or purchase made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds **[\$2,500] \$3,000**, or for the purpose of financing the construction of new structures exceeds \$3,000; (2) if such obligation has a maturity in excess of three years and thirty-two days, except that such maturity limitation shall not apply if such loan, advance of credit, or purchase is for the purpose of financing the construction of a new structure for use in whole or in part for agricultural purposes; or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Commissioner shall prescribe, in order to make credit available for the purposes of this title: *Provided*, That insurance may be granted to any such financial institution with respect to any obligation not in excess of \$10,000 and having a maturity not in excess of seven years and thirty-two days representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families: *Provided further*, That any obligation with respect to which insurance is granted under this section on or after July 1, 1939, may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

* * * * *

TITLE II—MORTGAGE INSURANCE

* * * * *

SEC. 203. * * *

(i) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of \$6,650 and not in excess of 95 per centum of the appraised value, as of the date the mortgage is accepted for insurance, of a property in an area where the Commissioner finds it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas, upon which there is located a dwelling designed principally for a single family residence, and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That (1), the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent, or (2) the mortgagor shall be the owner and occupant of the property at the time of insurance, regardless of his credit standing, with whom a person or corporation having a credit standing satisfactory to the Commissioner, shall have entered into a written contract (a) to pay on behalf of the prospective owner and occupant all or part of the downpayment required by this paragraph agreeing to take as security a note from the latter bearing interest at the rate of not more than 4 per centum per annum, maturing after the last maturity date of principal due on the insured mortgage, with a right in the holder to accelerate maturity to a date following prepayment of the entire mortgage debt, under the terms of which note all rights of such person or corporation are subordinated to the rights of the mortgagee or assignees of the mortgagee, and (b) to guarantee payment of the insured mortgage by the owner and occupant according to the terms of the mortgage, or (3) shall be the builder constructing the dwelling; in which case the principal obligation shall not exceed 85 per centum of the appraised value of the property or \$5,950: *Provided further*, That the Commissioner finds that the project with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas or small communities: *Provided further*, That under the foregoing provisions of this subsection the Commissioner is authorized to insure any mortgage issued with respect to the construction of a farm home on a plot of land five or more acres in size adjacent to a public highway, the total amount of insurance outstanding at any one time under this proviso not to exceed **\$100,000,000**.

* * * * *

SEC. 204. * * *

(f) If the net amount realized from any property conveyed to the Commissioner under this section and the claims assigned therewith, after deducting all expenses incurred by the Commissioner in handling, dealing with, and disposing of such

property and in collecting such claims, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows:

(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Commissioner shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property if the mortgage was insured under section 203 and shall be retained by the Commissioner and credited to the Housing Insurance Fund if the mortgage was insured under section 207; and

(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Commissioner shall pay to the holder of such certificate the full amount of such excess.

Notwithstanding any other provisions of this section, the Commissioner is authorized, with respect to mortgages insured pursuant to commitments for insurance issued on or after July 1, 1955, and, with the consent of the mortgagee or mortgagor, as the case may be, with respect to mortgages insured pursuant to commitments issued prior to such date, to effect the settlement of certificates of claim and refunds to mortgagors at any time after the sale or transfer of title to the property conveyed to the Commissioner under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom.

* * * * *

SEC. 207. (a) As used in this section—

(1) The term "mortgage" means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed, upon which there is located or upon which there is to be constructed a building or buildings designed principally for residential use or *upon which there is located or to be constructed facilities for trailer coach mobile dwellings*; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances (including but not being limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trust securing notes, bonds, or other credit instruments.

(2) The term "mortgagee" means the original lender under a mortgage, and its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.

(3) The term "mortgagor" means the original borrower under a mortgage and its successors and assigns.

(4) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with the periodic payments provided for in the mortgage.

(5) The term "slum or blighted area" means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

(6) The term "rental housing" means housing, the occupancy of which is permitted by the owner thereof in consideration of the payment of agreed charges, whether or not, by the terms of the agreement, such payment over a period of time will entitle the occupant to the ownership of the premises *or space in a trailer court or park properly arranged and equipped to accommodate trailer coach mobile dwellings*.

(7) The term "State" includes the several States, and Alaska, Hawaii, Puerto Rico, The District of Columbia, Guam, and the Virgin Islands.

* * * * *

(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

[(1) not to exceed \$5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section, not to exceed \$50,000,000;]

(1) not to exceed \$12,500,000 with respect to any one mortgage instrument and such that the aggregate amount of any commitment or commitments issued and outstanding under this section at any time with respect to a project or projects in the same housing market area and involving the same mortgagor (or mortgagors

under substantially the same control, as determined by the Commissioner) shall not exceed \$12,500,000, or, if the mortgage is executed by a mortgagor coming within the provisions of clause (b) (1) of this section, such dollar limit with respect to any one mortgage instrument and with respect to the aggregate amount of such commitments shall be \$50,000,000;

(2) not to exceed 80 per centum of the estimated value of the property or project (when the proposed improvements are completed): *Provided*, That except with respect to a mortgage executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section *or a mortgage on a trailer court or park*, such mortgage shall not exceed the amount which the Commissioner estimates will be the cost of the completed physical improvements on the property or project exclusive of public utilities and streets and organization and legal expenses: *And provided further*, That the above limitations in this paragraph (2) shall not apply to mortgages on housing in the Territory of Alaska, or in Guam, but such a mortgage may involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the value of the property or project as such term is used in this paragraph may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest accruing during construction, and other miscellaneous charges incident to construction and approved by the Commissioner): *And provided further*, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals; and

(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,000 per room (or \$7,200 per family unit if the number of rooms in such property or project is less than four per family unit) *or not to exceed \$1,000 per space or \$300,000 per mortgage for trailer courts or parks: Provided*, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,000 per room to not to exceed \$2,400 per room and the dollar amount limitation of \$7,200 per family unit to not to exceed \$7,500 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design.

Notwithstanding any of the limitations contained in paragraphs numbered (2) and (3) of this subsection (c), if the number of bedrooms in such property or project is equal to or exceeds two per family unit, and the principal obligation of the mortgage does not exceed \$7,200 per family unit for such part of such property as may be attributable to dwelling use, the mortgage may involve a principal obligation not in excess of 90 per centum of the estimated value of the property or project (when the proposed improvements are completed).

The mortgage shall provide for complete amortization by periodic payments within such term as the Commissioner shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed $4\frac{1}{2}$ per centum per annum on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. No mortgage shall be accepted for insurance under this section or section 210 unless the Commissioner finds that the property or project, with respect to which the mortgage is executed, is economically sound. Such property or project *may include eight or more family units and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.*

* * * * *

SEC. 213. * * *

(b) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section shall involve a principal obligation in an amount—

[(1) not to exceed \$5,000,000, or not to exceed \$25,000,000 if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operations; and]

(1) not to exceed \$12,500,000 with respect to any one mortgage instrument and such that the aggregate amount of any commitment or commitments issued and outstanding under this section at any time with respect to a project or projects in the same housing market area and involving the same mortgagor (or mortgagors under substantially the same control, as determined by the Commissioner) shall not exceed \$12,500,000, or, if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, such dollar limit with respect to any one mortgage instrument and with respect to the aggregate amount of such commitments shall be \$25,000,000; and

(2) not to exceed, for such part of such property or projects as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 90 per centum of [the estimated value] the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided*, That if at least 65 per centum of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed \$2,375 per room (or \$8,550 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 95 per centum of [the estimated value] the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided further*, That as to projects which consist of elevator type structures, and to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design, the Commissioner may, in his discretion, increase the aforesaid dollar amount limitations per room or per family unit (as may be applicable to the particular case) within the following limits: (i) \$2,250 per room to not to exceed \$2,700; (ii) \$2,375 per room to not to exceed \$2,850; (iii) \$8,100 per family unit to not to exceed \$8,400; and (iv) \$8,550 per family unit to not to exceed \$8,900: *And provided further*, That for the purposes of this section the word "veteran" shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President.

(c) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section shall involve a principal obligation in an amount not to exceed [\$5,000,000] \$12,500,000 with respect to any one mortgage instrument and such that the aggregate amount of any commitment or commitments issued and outstanding under this section at any time with respect to a project or projects in the same housing market area and involving the same mortgagor (or mortgagors under substantially the same control, as determined by the Commissioner) shall not exceed \$12,500,000 and not to exceed the greater of the following amounts:

(1) A sum computed on the basis of a separate mortgage for each single family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203 (b) (2) of this Act if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.

(2) A sum equal to the maximum amount which does not exceed either of the limitations on the amount of the principal obligation of the mortgage prescribed by paragraph numbered (2) of subsection (b) of this section.

(d) Any mortgage insured under this section shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe but not to exceed forty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4½ per centum per annum, except that individual mortgages insured pursuant to this subsection covering the individual dwellings in the project may bear interest at not to exceed 5 per centum per annum, on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and a mortgage on any project of a corporation or trust of the

character described in paragraph numbered (2) of subsection (a) of this section may provide that, at any time after the completion of the construction of the project, such mortgage may be replaced, in whole or in part, by individual mortgages covering each individual dwelling in the project in amounts not to exceed the unpaid balance of the blanket mortgage allocable to the individual property. Each such individual mortgage may be insured under this section. Property covered by a mortgage, insured under this section, on a property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section *may include eight or more family units and* may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

* * * * *

SEC. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time), the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of this Act (except section 2) shall not exceed the sum of (a) the outstanding principal balances, as of **July 1, 1954** *July 1, 1955*, of all insured mortgages (as estimated by the Commissioner based on scheduled amortization payments without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure on that date, and (c) **\$3,500,000,000** *\$4,000,000,000*.

It is the intent and purpose of this section to consolidate and merge all existing mortgage insurance authorizations or existing limitations with respect to any section or title of this Act (except section 2) into one general insurance authorization to take the place of all existing authorizations or limitations.

* * * * *

SEC. 220. * * *

(d) * * *

(3) The mortgage shall involve a principal obligation (including such initial service charges, appraisal, inspection and other fees as the Commissioner shall approve) in an amount—

(A) not to exceed \$20,000 in the case of property upon which there is located a dwelling designed principally for a one- or two-family residence; or \$27,500 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) \$35,000 plus not to exceed \$7,000 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum of (i) 95 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, 90 per centum) of \$9,000 of **[the appraised value]** *the amount which the Commissioner estimates will be the replacement cost* (as of the date the mortgage is accepted for insurance), and (ii) 75 per centum of **[such value]** *such cost* in excess of \$9,000, except that the President may increase such dollar amounts up to not to exceed \$10,000 if, after taking into consideration the general effect of such higher dollar amounts upon conditions in the building industry and upon the national economy, he determines such action to be in the public interest: *Provided*, That if the mortgagor is not the occupant of the property the principal obligation of the mortgage shall not exceed an amount equal to 85 per centum of the amount computed under the foregoing provisions of this paragraph (A); or

(B) **[(i) not to exceed \$5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not to exceed \$50,000,000; and]** *(i) not to exceed \$50,000,000 with respect to any one mortgage instrument and such that the aggregate amount of any commitment or commitments issued and outstanding under this section at any time with respect to a project or projects in the same housing market area and involving the same mortgagor (or mortgagors under substantially the same control, as determined by the Commissioner) shall not exceed \$50,000,000; and*

(ii) not to exceed 90 per centum of the [estimated value] amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the [value] replacement cost of the property or project may include the land, the proposed

physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner); and

(iii) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design, except that the Commissioner may, by regulation, increase the foregoing limits by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require: *And provided further*, That nothing contained in this paragraph (B) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section.

* * * * *

SEC. 221. (a) This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in relocating families *from urban renewal areas and in relocating families* to be displaced as the result of governmental action in a community respecting which (1) the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal-aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954. Mortgage insurance under this section shall be available only in those localities or communities which shall have requested such mortgage insurance to be provided: *Provided*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to the families [to be so displaced], referred to above, a preference or priority of opportunity to purchase or rent such dwelling units: *Provided further*, That the total number of dwelling units in properties covered by mortgage insurance under this section in any such community shall not exceed the aggregate number of such dwelling units which the Housing and Home Finance Administrator, from time to time, certifies to the Commissioner to be needed for the relocation of families [to be so displaced and] *referred to above* who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance authorized by this section: *Provided further*, That, with respect to any community referred to in clause (1) of this subsection, said Administrator shall not certify any dwelling units during any period when, in his opinion, the locality fails to carry out the workable program upon which said Administrator based the certification to the Commissioner that mortgage insurance under this section may be made available in such community: *And provided further*, That with respect to any community referred to in clause (2) of this subsection (but not clause (1) thereof), the number of dwelling units certified by said Administrator shall not exceed the number which he estimates to be needed for the relocation of such displaced families during the period when the project referred to in said clause (2) is being carried out.

* * * * *

(d) * * *

(3) if executed by a mortgagor which is a private nonprofit corporation or association or other acceptable private nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of **[\$5,000,000]** *\$12,500,000 with respect to any one mortgage instrument and such that the aggregate amount of any commitment or commitments issued and outstanding under this section at any time with respect to a project or projects in the same housing market area and involving the same mortgagor (or mortgagors under substantially the same control, as determined by the Commissioner) shall not exceed \$12,500,000; and not in excess of \$7,600 per*

family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed \$8,600 in any geographical area where he finds that cost levels so require, and not in excess of 95 per centum of the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and

* * * * *

SEC. 223. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section [203 or section 207] 203, 207, or 213, the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section [203 or section 207] 203, 207, or 213 of this title any mortgage—

* * * * *

(6) given to refinance an existing mortgage insured under section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 903 or section 908 of title IX: *Provided*, That the principal amount of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section [203 or section 207] 203, 207, or 213, as the case may be, except that in any case involving the refinancing of a loan insured under section 608 or 908 in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured mortgage: *Provided*, That a mortgage of the character described in paragraph (1), (2), (3), (4), or (5) shall have a maturity satisfactory to the Commissioner, but not to exceed the maximum term applicable to loans insured under section [203 or section 207] 203, 207, or 213, as the case may be, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges and service charges, if any) at not to exceed the maximum rate applicable to loans insured under section [203 or section 207] 203, 207, or 213, as the case may be, except that where a mortgage of a character described in paragraph (1), (2), (3), or (5) covers property held by a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporations or to beneficiaries of such trust, if at least 65 per centum of such members or beneficiaries are veterans, such principal obligation may be in an amount not exceeding 95 per centum of such appraised value.

* * * * *

SEC. 227. Notwithstanding any other provisions of this Act, no mortgage covering new or rehabilitated multifamily housing shall be insured under this Act unless the mortgagor has agreed (a) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (i) that the approved percentage of actual cost (as those terms are herein defined) equaled or exceeded the proceeds of the mortgage loan or (ii) the amount by which the proceeds of the mortgage loan exceeded such approved percentage of actual cost, as the case may be, and (b) to pay forthwith to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, certified to be in excess of such approved percentage of actual cost. As used in this section—

(a) The term "new or rehabilitated multifamily housing" means a project or property approved for mortgage insurance prior to the construction or the repair and rehabilitation involved and covered by a mortgage insured or to be insured (i) under section 207, (ii) under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof, (iii) under section 220 if the mortgage meets the requirements of paragraph (3) (B) of subsection (d) thereof, (iv) [under section 221] under section 221 if the mortgage meets the requirements of paragraph (3) of subsection (d) thereof, (v) under section 803, or (vi) under sections 903 and 908;

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TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 303. * * *

(b) The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of non-refundable capital contributions equal to not less than [3 per centum] 2 per centum of the unpaid principal amount of mortgages therein involved in purchases or contracts for purchases between such seller and the Association, or such greater percentage as may from time to time be determined by the Association. In addition, the Association may impose charges or fees for its services with the objective that all costs and expenses of its operations should be within its income derived from such operations and that such operations should be fully self-supporting. All earnings from the operations of the Association shall annually be transferred to its general surplus account. At any time, funds of the general surplus account may, in the discretion of the board of directors, be transferred to reserves. All dividends shall be charged against the general surplus account. This subsection (b) shall be subject to the exceptions set forth in section 307 of this title.

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SEC. 304. (a) To carry out the purposes set forth in paragraph (a) of section 301, the operations of the Association under this section shall be confined, so far as practicable, to mortgages which are deemed by the Association to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors and the Association shall not purchase any mortgage insured or guaranteed prior to the effective date of the Housing Act of 1954. In the interest of assuring sound operation, the prices to be paid by the Association for mortgages purchased in its secondary market operations under this section, should be established, from time to time, at the market price for the particular class of mortgages involved, as determined by the Association on a uniform national basis. The volume of the Association's purchases and sales, and the establishment of the purchase prices, sale prices, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time, and such determinations should be consistent with the objectives that such purchases and sales should be effected only at such prices and on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

* * * * *

SEC. 305. * * *

(e) Notwithstanding any other provision of this Act, the Association is authorized to enter into advance commitment contracts which do not exceed \$50,000,000 outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 either a commitment to insure or a statement of eligibility; but not more than \$5,000,000 of such authorization shall be available for such commitments in any one State.

(f) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any mortgage (or participation therein) which is insured under title VIII of this Act, as amended by the Housing Amendments of 1955.

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TITLE IV—INSURANCE OF SAVINGS AND LOAN ACCOUNTS

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SEC. 402. * * *

[(b) The Corporation shall have a capital stock of \$100,000,000, which shall be divided into shares of \$100 each. The total amount of such capital stock shall be subscribed for by the Home Owners' Loan Corporation which is hereby authorized and directed to subscribe for such stock and make payment therefor in bonds of the Home Owners' Loan Corporation. The Corporation shall issue to the Home Owners' Loan Corporation receipts for payment for or on account of such stock, which shall serve as evidence of the ownership thereof, and the Home Owners' Loan Corporation shall be entitled to the payment of dividends on such stock out of net earnings at a rate equal to the interest rate on such bonds, which dividends shall be cumulative.]

(b) (1) Promptly after the effective date of the Housing Amendments of 1955, the Corporation shall issue to the Federal Home Loan Banks, and said banks shall purchase at par, debentures of the Corporation in a face amount equal to the par value of

the capital stock of the Corporation outstanding on the effective date of the Housing Amendments of 1955 plus the amount of any adjustments under the last sentence of this paragraph. Such debentures shall be in such form and denominations and shall have such other characteristics as shall be determined by the Corporation, but shall be subject to retirement only as provided in paragraph (2) of this subsection. The debentures aforesaid shall be purchased by the respective Federal Home Loan Banks in proportion to the capital stock of the respective Federal Home Loan Banks outstanding on the effective date of the Housing Amendments of 1955. The Corporation shall pay to each Federal Home Loan Bank, promptly after the end of each fiscal year, a return on the average amount, at par, of such debentures held by such bank during such fiscal year at a rate determined by the Corporation, after consultation with the Secretary of the Treasury, taking into consideration the current average rate as of the last day of the sixth month of such fiscal year on outstanding marketable obligations of the United States having a maturity from date of issue of not less than thirty months and not more than forty-two months. If the amount of such debentures to be issued to and purchased by any Federal Home Loan Bank, calculated under the foregoing provisions of this subsection, would not be a multiple of \$100, such amount shall be the next higher multiple of \$100.

(2) The Corporation is authorized and directed to pay off and retire annually at par an amount of its debentures issued under this subsection equal to 50 per centum of its net income for the fiscal year. Such payments shall be made promptly after the end of each fiscal year (beginning with the first fiscal year which ends after the issuance of such debentures) until the entire amount of such debentures is retired.

* * * * *

[(h) After the effective date of this subsection the Corporation is authorized and directed to pay off and retire annually at par an amount of its capital stock equal to 50 per centum of its net income for the fiscal year. Such payments shall be made promptly after the end of each fiscal year (beginning with the first fiscal year which begins after the date of enactment of this subsection) until the entire capital stock of \$100,000,000 is retired. In lieu of any and all unpaid dividends, whether for any present, past, or future period, on its capital stock, the Corporation shall pay to the Secretary of the Treasury, promptly after the end of each fiscal year, beginning with the fiscal year 1951, a return on the average amount, at par, of its capital stock outstanding during such fiscal year at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the sixth month of such fiscal year, and the Corporation shall also pay to the Secretary of the Treasury an amount equal to 2 per centum simple interest per annum on its capital stock of \$100,000,000 from June 27, 1934, to June 30, 1950, less any amount heretofore paid by the Corporation as dividends on such capital stock. The retirement of such capital stock shall not affect the applicability to said Corporation of the Government Corporation Control Act, as amended.]

(h) The Federal Savings and Loan Insurance Corporation shall, on or before sixty days after the effective date of the Housing Amendments of 1955, retire at par all outstanding stock held by the Secretary of the Treasury and shall pay to the Secretary of the Treasury a return on the average amount, at par, of capital stock outstanding during the fiscal years 1955 and 1956 at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the sixth month of the fiscal year 1955. An amount of funds of the Corporation equal to the proceeds of the debentures issued under subsection (b) of section 402 of this Act shall be available, to the extent necessary, for the retirement of such stock. The retirement of such stock shall not affect the applicability to said Corporation of the Government Corporation Control Act, as amended.

* * * * *

SEC. 403. * * *

[(d) Any applicant which applies for insurance under this title after the first year of the operation of the Corporation shall pay an admission fee based upon the reserve fund of the Corporation, which, in the judgment of the Corporation, is an equitable contribution.]

(d) Any institution which applies after the effective date of the Housing Amendments of 1955 for insurance under this title shall pay, in the event its application is approved, an admission fee in such amount as the Corporation shall determine, taking into consideration the total cost of processing all insurance applications.

SEC. 404. * * *

(c) If an insured institution has paid a premium (other than any premium which may be paid under subsection (d) or assessed under subsection (b) of this section) at a rate in excess of one-twelfth of 1 per centum of the total amount

of the accounts of its insured members and its creditor obligations for any period of time after June 30, 1949, it shall receive a credit upon its future premiums in an amount equal to the excess premium so paid for the period beyond such date.

(d) *Effective for the premium year of each insured institution beginning next after the effective date of the Housing Amendments of 1955 and continuing through the first premium year of each insured institution beginning next before that anniversary date of the effective date of the Housing Amendments of 1955 which occurs next after the date on which all debentures issued by the Corporation under subsection (b) of section 402 of this Act shall have been retired, the rate of the premium provided for in subsection (a) of section 404 shall be one-eighth of 1 per centum in lieu of one-twelfth of 1 per centum*

* * * * *

SEC. 406. * * *

(e) The Corporation shall make an annual report to the [Housing and Home Finance Administrator] Congress of the operation by it of insured institutions in default, and shall keep a complete record of the administration by it of the assets of such insured institutions which shall be subject to inspection by any officer of any such insured institution or by any other interested party, and, if any such insured institution is operated under the laws of any State, Territory, or possession of the United States, or of the District of Columbia, such annual report shall also be filed with the public authority which has jurisdiction over the insured institution.

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TITLE VI—WAR HOUSING INSURANCE

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SEC. 604. * * *

(f) If the net amount realized from any property conveyed to the Commissioner under this section and the claim assigned therewith, after deducting all expenses incurred by the Commissioner in handling, dealing with, and disposing of such property and in collecting such claims, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows:

(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Commissioner shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property; and

(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Commissioner shall pay to the holder of such certificate the full amount of such excess.

Notwithstanding any other provisions of this section, the Commissioner is authorized, with the consent of the mortgagee or mortgagor, as the case may be, to effect the settlement of certificates of claim and refunds at any time after the sale or transfer of title to the property conveyed to the Commissioner under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom.

* * * * *

[TITLE VIII—MILITARY HOUSING INSURANCE

[SEC. 801. As used in this title—

[(a) The term "mortgage" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease for a period of not less than fifty years to run from the date the mortgage was executed; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

[(b) The term "mortgagee" includes the original lender under a mortgage, and his successors and assigns approved by the Commissioner; and the term "mortgagor" includes the original borrower under a mortgage, his successors and assigns.

[(c) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

[(d) The term "rental housing" means housing, the occupancy of which is permitted by the owner thereof in consideration of the payment of agreed charges, whether or not by the termination of the agreement, such payment over a period of time will entitle the occupant to the ownership of the premises.

[(e) The term "military" includes Army, Navy, Marine Corps, and Air Force.

[(f) The term "State" includes the several States and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

§ SEC. 802. There is hereby created a Military Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title, and mortgages insured under this title shall be known and referred to as "military housing insured mortgages". For the purposes of this fund there is hereby authorized to be appropriated the sum of \$10,000,000. For immediate needs pending such appropriation, the Commissioner is directed to transfer the sum of \$1,000,000 to such fund from the War Housing Insurance Fund created by section 602 of this Act, such amount to be reimbursed to the War Housing Insurance Fund upon the availability of the appropriations authorized by this section. General expenses of operation of the Federal Housing Administration under this title may be charged to the Military Housing Insurance Fund.

§ SEC. 803. (a) In order to assist in relieving the acute shortage of housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of rental housing accommodations available to military and civilian personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed \$500,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed \$1,000,000,000: *And provided further*, That no mortgage shall be insured under this title after June 30, 1955, except (A) pursuant to a commitment to insure issued on or before such date, or (B) a mortgage given to refinance an existing mortgage insured under this title and which does not exceed the original principal amount and unexpired term of such existing mortgage.

[(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

[(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operations. The Commissioner may make such contracts with, and acquire for not to exceed \$100 stock or interest in, any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Military Housing Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

[(2) The mortgaged property shall be designed for rent for residential use by civilian or military personnel of the Army, Navy, Marine Corps, or Air Force (including Government contractors' employees) assigned to duty at the military installation at or in the area of which such property is constructed. Notwithstanding the provisions of any other law, preference or priority of opportunity in the occupancy of the mortgaged property for such personnel and their immediate families shall be provided under such regulations and procedures as may be prescribed by the Commissioner. No mortgage shall be insured under this title unless the Secretary of Defense or his designee shall have certified to the Commissioner that the housing with respect to which the mortgage is made is necessary to provide adequate housing for such personnel, that such installation is deemed to be a permanent part of the Military Establishment, and that there is no present intention to substantially curtail activities at such installation.

[(3) The mortgage shall involve a principal obligation in an amount—

[(A) not to exceed \$5,000,000; and

[(B) not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed; and

[(C) not to exceed an average of \$8,100 per family unit for such part of such property or project as may be attributable to dwelling use, except that where the Secretary of Defense or his designee in exceptional cases certifies and the Commissioner concurs in such certification that the needs would be better served by single-family detached dwelling units the mortgage may involve a principal obligation not to exceed \$9,000 per family unit for such

part of such property as may be attributable to such dwelling units: *Provided*, That the Commissioner may by regulation increase the \$8,100 limitation by not exceeding \$900 in any geographical area where he finds that cost levels so require.

【The mortgagor shall enter into the agreement required by section 227 of this Act, as amended.

【The mortgage shall provide for complete amortization by periodic payment within such terms as the Commissioner shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed $4\frac{1}{2}$ per centum per annum of the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

【(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to $1\frac{1}{2}$ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: *Provided*, That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Commissioner may require that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by indorsement or otherwise as the Commissioner may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Commissioner determines to be equitable but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this title until such maturity date; and in the event that the principal obligation is paid in full as herein set forth, the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

【(d) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this title shall be considered a default under such mortgage, and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Commissioner, within a period and in accordance with rules and regulations to be prescribed by the Commissioner of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagors or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery, the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided for in subsection (e) of this section, issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums

paid after default; less the sum of (i) an amount equivalent to 1 per centum of the unpaid amount of such principal obligation on the date of default; (ii) any amount received on account of the mortgage after such date; and (iii) any net income received by the mortgagee from the property after such date: *Provided*, That the mortgagee in the event of a default under the mortgage may, at its option and in accordance with regulations of, and in a period to be determined by the Commissioner, proceed to foreclose on and obtain possession of or otherwise acquire such property from the mortgagor after default, and receive the benefits of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Commissioner of title to the property which meets the requirements of the rules and regulations of the Commissioner in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations; and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims that may have been released with the consent of the Commissioner. Upon such conveyance and assignment, the obligation of the mortgagee to pay the premium charges for insurance shall cease and the mortgagee shall be entitled to receive the benefits of the insurance as provided in this subsection, except that in such event the 1 per centum deduction, set out in (i) hereof, shall not apply. If, during the time the mortgage is insured and before the mortgagee has received the benefits of the insurance, the United States acquires, or commences eminent domain proceedings to acquire, all or a substantial part (as defined by the Commissioner) of the mortgaged property for the use of the National Military Establishment or the Atomic Energy Commission, the mortgagee may, at its election, within such time and in accordance with such regulations as the Commissioner may prescribe, receive the benefits of the insurance as provided in this subsection, notwithstanding the fact that the mortgage may not be in default.

[(e) Debentures issued under this title shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the Military Housing Insurance Fund.

[(f) Debentures issued under this title shall be executed in the name of the Military Housing Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date of default as determined in accordance with subsection (d) of this section, and shall bear interest from such date at a rate determined by the Commissioner with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States or by the District of Columbia, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Military Housing Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the Military Housing Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

[(g) The certificate of claim issued by the Commissioner to any mortgagee in connection with the insurance of mortgages under this title shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this Act, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Commissioner and credited to the Military Housing Insurance Fund.

[(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property

(1) all references in such sections to the "Housing Fund" shall be construed to refer to the "Military Housing Insurance Fund", and (2) the reference in section 207 (k) to "subsection (g)" shall be construed to refer to "subsection (d)" of this section 803.

[(i)] The Commissioner shall also have power to insure under this title or titles II or VI any mortgage executed in connection with the sale by him of any property acquired under this title without regard to any limit as to eligibility, time or aggregate amount contained in this title or titles II or VI.

[(j)] Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

[(k)] In order to assure an adequate market for mortgages insured under this title, the powers of the Federal National Mortgage Association and of any other Federal corporation or other Federal agency hereafter established, to purchase, service, or sell any mortgages, or partial interests therein, may be utilized in connection with mortgages insured under this title.

[SEC. 804. (a)] Moneys in the Military Housing Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of the Military Housing Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be cancelled and not reissued.

[(b)] Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this title, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Military Housing Insurance Fund, shall be credited to the Military Housing Insurance Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this title, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this title, shall be charged to the Military Housing Insurance Fund.

[SEC. 805. Whenever the Secretary of the Army, Navy, or Air Force determines that it is desirable to lease real property within the meaning of the Act of August 5, 1947 (61 Stat. 774), to effectuate the purposes of this title, the Secretary concerned is authorized to lease such property under the authority of said Act upon such terms and conditions as in his opinion will best serve the national interest without regard to the limitations imposed by said Act in respect to the term or duration of the lease, and the power vested in the Secretary or the Department concerned to revoke any lease made pursuant to said Act in the event of a national emergency declared by the President shall not apply. Whenever the Secretary of the Army, Navy, or Air Force determines it to be in the interest of national defense, he is hereby authorized to sell, transfer, and convey at fair value (as determined by him), for use under this title, all or any right, title, and interest in any real property under his jurisdiction, notwithstanding any limitations or requirements of law with respect to the use or disposition of such property. The authority conferred by this section shall be in addition to and not in derogation of any other power or authority of the Secretary of the Army, Navy, or Air Force.

[SEC. 806. The second sentence of section 214 of the National Housing Act, as amended, relating to housing in the Territory of Alaska, shall not apply to mortgages insured under this title on property in said Territory.

[SEC. 807. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

[SEC. 808. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

[SEC. 809. Whenever the Secretary of the Army, Navy, or Air Force, or his duly designated representative, determines that it is desirable in order to effectuate

the purposes of this title, the Secretary is authorized, without regard to the civil service and classification laws, to procure, by negotiation or otherwise, the services of architects and engineers, or organizations thereof, under such arrangements as he deems desirable, but at an expense not in excess of that permissible under the schedule of fees allowed from time to time by the Public Housing Administration in connection with projects assisted under the United States Housing Act of 1937, as amended. Such services may include the development of plans, drawings, and specifications for rental housing under this title and other services in connection therewith: *Provided*, That such plans, drawings, and specifications may include the use on any project to be constructed under this title of alternate materials or alternate types of construction, including prefabrication, that provide substantially equal value and conform to standards established by the Federal Housing Administration: *Provided further*, That the Secretary may designate certain sites or parts thereof for rental housing to be furnished from prefabricated houses or housing components. Such arrangements may include provision for advance or progress payments, for payment by third parties, for payment by the Government of any such compensation as is not paid for by third parties, and shall include provision for reimbursement by third parties to the Government of any compensation or other expenses paid by the Government pursuant to this section, and may include other provisions for compensation. The Secretary is further authorized to advance or pay to the Federal Housing Administration its "Appraisal and Eligibility Statement" fees in connection with such rental housing. The Secretary is further authorized to procure options from private parties for the acquisition by third parties of off-installation sites intended for such rental housing. The Secretary is further authorized to enter into arrangements by contract or otherwise for eventual acquisition by the Government, without cost to the Government, of all right, title, and interest in sites on which housing is constructed pursuant to this title and improvements thereon. Any public-works appropriations now or hereafter available to the Departments of the Army, Navy, or Air Force may be obligated by the respective departments for these purposes. Reimbursements to the Government on account of payments made pursuant to this section shall be made to appropriations against which such payments were charged.

【SEC. 810. A mortgage which meets all of the eligibility requirements of this title except those specified in section 803 (b) (2) and which is secured by property designed for rent for residential use by personnel of the Atomic Energy Commission (including military personnel and Government contractors' employees) employed or assigned to duty at the Atomic Energy Commission installation at or in the area in which such property is constructed shall be eligible for insurance under this title if the Atomic Energy Commission or its designee shall have certified to the Commissioner that the housing with respect to which the mortgage is made is necessary to provide adequate housing for such personnel, that such installation is deemed to be a permanent part of the Atomic Energy Commission establishment, and that there is no present intention to substantially curtail activities at such installation. Notwithstanding the provisions of any other law, preference or priority of opportunity in the occupancy of the mortgaged property for such personnel and their immediate families shall be provided under such regulations and procedures as may be prescribed by the Commissioner. To effectuate the purpose of this title the Atomic Energy Commission or its designee is authorized to exercise all the authority granted to the Secretary of Defense or the Secretary of the Army, Navy, or Air Force pursuant to this title. Nothing herein contained shall impair the powers vested in the Atomic Energy Commission by the Atomic Energy Act of 1946.】

TITLE VIII—ARMED SERVICES HOUSING MORTGAGE INSURANCE

SEC. 801. *As used in this title—*

(a) The term "mortgage" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease for a period of not less than fifty years to run from the date the mortgage was executed; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

(b) The term "mortgagee" includes the original lender under a mortgage, and his successors and assigns approved by the Commissioner; and the term "mortgagor" includes the original borrower under a mortgage, his successors and assigns (including the United States acting through the Secretary of Defense or his designee, and his assigns).

(c) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

(d) The term "housing accommodations" means housing designed for occupancy by military personnel and their dependents, assigned to duty at or near the military installation where such housing units are constructed.

(e) The term "personnel" shall include personnel of the military and civilian personnel approved by the Secretary of Defense, or his designee, and the dependents of all such personnel.

(f) The term "military" includes Army, Navy, Marine Corps, Air Force, and Coast Guard.

(g) The term "State" includes the several States and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

SEC. 802. The Military Housing Insurance Fund created by this section prior to amendment thereto shall hereafter be known as the Armed Services Housing Mortgage Insurance Fund. General expenses of operation of the Federal Housing Administration under this title (including operations with respect to mortgages insured or to be insured pursuant to this title prior to enactment of the Housing Amendments of 1955) may be charged to the Armed Services Housing Mortgage Insurance Fund.

SEC. 803. (a) In order to assist in relieving the acute shortage and urgent need for family housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of necessary family housing accommodations for personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: Provided, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed \$1,485,000,000: And provided further, That the limitation in section 217 of this Act shall not apply to this title: And provided further, That no mortgage shall be insured under this title after June 30, 1958, except pursuant to a commitment to insure issued before such date.

(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to capital structure, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed \$100 stock or interest in, any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Armed Services Housing Mortgage Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

(2) The mortgaged property shall be designed for use for residential purposes by personnel of the armed services and situated at or near a military installation, and the Secretary shall have certified that there is no intention, so far as can reasonably be foreseen, to curtail the personnel assigned or to be assigned to such installation, and (i) shall have determined that for reasons of safety, security, or other essential military requirements, it is necessary that the personnel involved reside in public quarters, or (ii) after consultation with the Housing and Home Finance Administrator, shall have determined that adequate housing is not available for such personnel (and cannot otherwise be acquired or provided when needed from public or private sources) at reasonable rentals within reasonable commuting distance of the installation. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense, or his designee, shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund from loss with respect to the mortgage covering such housing.

(3) The mortgage shall involve a principal obligation in an amount—

(A) not to exceed the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the cost of the property or project as such term is used in this paragraph may include the cost of the land, the physical improvements, and utilities within the boundaries of the property or project);

(B) not to exceed an average of \$13,500 per family unit for such part of such property or project as may be attributable to dwelling use: Provided, That the replacement cost of the property or project as determined by the Commissioner, including the estimated value of the utilities within the boundaries of the property or project where owned by the United States and not provided for out of the proceeds of the mortgage, shall not exceed an average of \$13,500 per family unit; and

(C) not to exceed the bid of the eligible builder of the property or project under section 403 of the Housing Amendments of 1955.

The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe, have a maturity not to exceed thirty years, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum of the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to $1\frac{1}{2}$ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: Provided, That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Commissioner may require, that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

(d) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this title shall be considered a default under such mortgage, and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Commissioner, within a period and in accordance with rules and regulations to be prescribed by the Commissioner of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery, the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided for in subsection (e) of this section, issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default; less the sum of (i) any amount received on account of the mortgage after such date; and (ii) any net income received by the mortgagee from the property after such date. Upon assignment, the obligation of the mortgagee to pay the premium charges for insurance shall cease and the mortgagee shall be entitled to receive the benefits of the insurance as provided in this subsection.

(e) Debentures issued under this title shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with

the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the Armed Services Housing Mortgage Insurance Fund.

(f) Debentures issued under this title shall be executed in the name of the Armed Services Housing Mortgage Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date of default as determined in accordance with subsection (d) of this section, and shall bear interest from such date at a rate determined by the Commissioner with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States or by the District of Columbia, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Armed Services Housing Mortgage Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the Armed Services Housing Mortgage Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(g) The certificate of claim issued by the Commissioner to any mortgagee in connection with the insurance of mortgages under this title shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this Act, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Commissioner and credited to the Armed Services Housing Mortgage Insurance Fund.

(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property (1) all references in such sections to the "Housing Fund" shall be construed to refer to the "Armed Services Housing Mortgage Insurance Fund", and (2) the reference in section 207 (k) to "subsection (g)" shall be construed to refer to "subsection (d)" of this section.

(i) The Commissioner shall also have power to insure under this title or title II any mortgage executed in connection with the sale by him of any property acquired under this title without regard to any limit as to eligibility, time or aggregate amount contained in this title or title II.

(j) Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

SEC. 804. (a) Moneys in the Armed Services Housing Mortgage Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of the Armed Services Housing Mortgage Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

(b) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this title, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Armed Services Housing Mortgage Insurance Fund, shall be credited to the Armed Services Housing Mortgage Insurance Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this title, cash adjustments, and expenses incurred in the handling of such

mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this title, shall be charged to the Armed Services Housing Mortgage Insurance Fund.

SEC. 805. Whenever the Secretary of the Army, Navy, or Air Force determines that it is necessary to lease any land held by the United States on or near a military installation to effectuate the purposes of this title, he may lease such land upon such terms and conditions as will, in his opinion, best serve the national interest. Whenever the Secretary of the Army, Navy, or Air Force determines it to be in the interest of national defense, he is hereby authorized to sell, transfer, and convey at fair value (as determined by him), for use under this title, all or any right, title, and interest in any real property under his jurisdiction, notwithstanding any limitations or requirements of law with respect to the use or disposition of such property. The authority conferred by this section shall be in addition to and not in derogation of any other power or authority of the Secretary of the Army, Navy, or Air Force.

SEC. 806. The second sentence of section 214 of the National Housing Act, as amended, relating to housing in the Territory of Alaska, shall not apply to mortgages insured under this title on property in said Territory.

SEC. 807. Nothing in this title shall be construed to exempt any real property after being acquired and held by the Commissioner under section 803 (d) of this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

SEC. 808. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Armed Services Housing for Mortgage Insurance, and provide the Special Assistant with adequate staff, whose whole responsibility will be to expedite operations under this title and to eliminate administrative obstacles to the full utilization of this title under the direction and supervision of the Commissioner.

SEC. 809. The cost certification required under section 227 of this Act shall not be required with respect to mortgages insured under the provisions of this title as amended by the Housing Amendments of 1955.

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TITLE X—SMOKE ELIMINATION AND AIR POLLUTION PREVENTION

SEC. 1001. The Congress hereby declares that smoke elimination and air pollution prevention are important factors in the prevention and rehabilitation of slums and blighted areas and in the conservation of the health and property of the people of the United States. It is the objective of this title to assist in smoke elimination and air pollution prevention by providing for research and loans.

SEC. 1002. (a) The Secretary of Health, Education, and Welfare (hereinafter referred to in this title as the Secretary) shall undertake and conduct a program of technical research and studies concerned with (a) causes, hazards, and effects of air pollution and excessive smoke, (b) devices, structures, machinery, equipment, and methods (including methods of selecting and using fuels) for the prevention or elimination of excessive smoke and air pollution or the collection of atmospheric contaminants, and (c) guidance and assistance to States and local communities in smoke abatement and air pollution prevention and control.

(b) Contracts may be made by the Secretary for technical research and studies authorized by this section for work to continue not more than four years from the date of any such contract. Any unexpended balances of appropriations properly obligated by such contracting may remain upon the books of the Treasury for not more than five fiscal years before being carried to the surplus fund and covered into the Treasury. All contracts made by the Secretary for technical research and studies authorized by this or any other Act shall contain requirements making the results of such research or studies available to the public through dedication, assignment to the Government, or such other means as the Secretary shall determine. The Secretary shall disseminate, and without regard to the provisions of section 306 of the Patent Mail Act of 1948, the results of such research and studies in such form as may be most useful to industry and to the general public.

(c) In carrying out research and studies under this title, the Secretary shall utilize, to the fullest extent feasible, the available facilities of existing bureaus and offices within the Department of Health, Education, and Welfare, other departments, independent establishments, and agencies of the Federal Government, and shall consult with, and make recommendations to, such other departments, independent establish-

ments, and agencies with respect to such action as may be necessary and desirable to overcome existing gaps and deficiencies in available data with respect to excessive smoke and air pollution causes, prevention, and control or in the facilities available for the collection of such data. For the purposes of this title, the Secretary is further authorized to undertake research and studies cooperatively with agencies of State or local governments, and educational institutions, and other nonprofit organizations, and may, in addition to and not in derogation of any powers and authorities conferred under any other Act—

(1) with the consent of the agency or organization concerned, accept and utilize equipment, facilities, or the services of employees of any State or local public agency or instrumentality, educational institution, or nonprofit agency or organization and, in connection with the utilization of such services, may make payments for transportation while away from their homes or regular places of business and per diem in lieu of subsistence en route and at place of such service, in accordance with the provisions of section 5 of Public Law 600, approved August 2, 1946;

(2) utilize, contract with, and act through, without regard to section 3709 of the Revised Statutes, any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization with its consent, and any funds available to the Secretary for carrying out his functions, powers, and duties under this section shall be available to reimburse or pay any such agency, instrumentality, institution, or organization; and, whenever necessary in the judgment of the Secretary, he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3548 of the Revised Statutes; and

(3) make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; purchase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out the Secretary's functions, powers, and duties under this title.

(d) In addition to the foregoing, the Secretary is further authorized, for the purposes of this title, to make arrangements for cooperative studies with industry and other private organizations, and to make grants to public and private agencies and institutions for research, training, and demonstration projects.

(e) There is hereby authorized to be appropriated to carry out the purposes of this section, such sums as may be necessary therefor.

SEC. 1003. (a) The Housing and Home Finance Administrator (hereinafter referred to in this title as the Administrator) within the limits hereinafter provided, is authorized to purchase the obligations of, and to make loans to, any business enterprise to aid in financing the purchase, installation, construction, reconstruction, or remodeling of any device, structure, machinery, or equipment used or to be used in connection with the enterprise's business activities where the purchase, installation, construction, reconstruction, or remodeling would (1) substantially reduce the amount of smoke or air pollution or contamination in the community in which the device, structure, machinery, or equipment is located or to be located, or (2) in conjunction with other proposed action in the community, substantially reduce the amount of such smoke, pollution, or contamination.

(b) No financial assistance shall be extended pursuant to this section unless (1) the financial assistance applied for is not otherwise available on reasonable terms, and (2) the Administrator finds that in the community in which the financial assistance is to be used there exists a workable program for effectively dealing with the problem of smoke or air pollution or contamination. All securities and obligations purchased and all loans made shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans shall be made in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

(c) Loans made pursuant to this section may be made subject to the condition that, if at any time or times or for any period or periods during the life of the loan contract the business enterprise can obtain loan funds from sources other than the Federal Government at interest rates as low as or lower than provided in the loan contract, it may do so with the consent of the Administrator at such times and for such periods without waiving or surrendering any rights to loan funds under the contract for the remainder of the life of such contract, and, in any such case, the Administrator is authorized to consent to a pledge by the business enterprise of the loan contract, and any or all of its rights thereunder, as security for the repayment of the loan funds so obtained from other sources.

(d) The loans shall be repaid within such period, not exceeding twenty years, as may be determined by the Administrator, and shall bear interest at a rate determined by the Administrator which shall be not less than 1 per centum plus the base annual rate which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending July 31, 1955) during which the contract for the loans is made: *Provided*, That such base annual rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum.

(e) The total amount of investments, loans, purchases, and commitments made pursuant to this section shall not exceed \$50,000,000 outstanding at any one time.

(f) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this section. Funds made available to the Administrator pursuant to the provisions of this section shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this section, and all funds available for carrying out the functions of the Administrator under this section, shall be available for any of the purposes of this section, including administrative expenses of the Administrator in connection with the performance of such functions.

(g) Not more than 10 per centum of the funds provided for in this section in the form of loans shall be made available within any one State.

(h) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402 (c), except subsection (2), of the Housing Act of 1950.

SEC. 1004. Nothing in this title shall be construed to affect in any way the availability of amounts otherwise appropriated for work in the field of smoke elimination and air pollution prevention; nor to interfere with or diminish any programs now being carried on by or through any Federal agency for such purposes.

THE DEFENSE HOUSING AND COMMUNITY FACILITIES AND SERVICES ACT OF 1951, AS AMENDED

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SEC. 104. After June 30, 1953, no construction of permanent housing may be begun under title III of this Act. After June 30, 1954, (a) no mortgage may be insured under title IX of the National Housing Act, as amended (except (i) pursuant to a commitment to insure issued on or before such date or (ii) after July 31, 1954, and until July 1, [1955] 1956, during such period, or for such project or projects, as the President may [designate hereunder] designate hereunder or (iii) pursuant to a commitment to insure issued pursuant to the preceding clause (ii)), (b) no agreement may be made to extend assistance for the provision of community facilities or services under title III of this Act, and no construction of temporary housing or community facilities by the United States may be begun under such title, except after July 31, 1954, and until July 1, [1955] 1956, during such period, or for such project or projects, as the President may [designate hereunder] designate hereunder or thereafter pursuant to a commitment to extend assistance for such community facilities or services or to construct such temporary housing or community facilities, issued before the close of July 1, 1956: *Provided*, That, to the extent necessary to assure the adequate completion of any facilities for which prior agreements have been made under title III, the Housing and Home Finance Administrator may, at any time after July 31, 1954, enter into amendatory agreements under such title involving the expenditure of additional Federal funds within the balance available therefor on or before such date and (c) no loan may be made or obligations purchased by the Housing and Home Finance Administrator under section 102a of the Housing Act of 1948, as amended (except pursuant to a commitment issued on or before June 30, 1953, or to refinance an existing loan or existing obligation held under such section by said Administrator on June 30, 1953).

THE HOUSING ACT OF 1949, AS AMENDED

TITLE I—SLUM CLEARANCE AND URBAN RENEWAL

SEC. 101. * * *

(c) No contract shall be entered into for any loan or capital grant under this title, [or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to the effective date of the Housing Act of 1954,] and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or 221 of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: *Provided*, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A) (i) of paragraph (1) of section 220 (d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in a community referred to in clause (2) of section 221 (a) of said Act: *And provided further*, That, notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, (iii) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action in a community and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended, or (iv) to determine that the relocation requirements of section 105 (c) of this title have been met.

* * *

SEC. 103. * * *

(b) The Administrator, on and after July 1, 1949, may, with the approval of the President, contract to make capital grants, with respect to projects assisted under this title, aggregating not to exceed [\$100,000,000, which limit shall be increased by further amounts of \$100,000,000 on July 1 in each of the years 1950, 1951, 1952, and 1953, respectively: *Provided*, That (subject to the total authorization of not to exceed \$500,000,000)] \$500,000,000, which limit shall be increased by further amounts of \$212,500,000 on July 1 in each of the years 1955 and 1956, respectively: *Provided*, That such limit, and any such authorized increase therein, may be increased, at any time or times, by additional amounts aggregating not more than \$100,000,000 upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase upon the conditions in the building industry and upon the national economy, that such action is in the public interest. The faith of the United States is solemnly pledged to the payment of all capital grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

* * *

SEC. 106. * * *

(c) Not more than 10 per centum of the funds provided for in this title, either in the form of loans or grants, shall be expended in any one State: *Provided*, That the Administrator, without regard to such limitation, may enter into contracts for capital grants aggregating not to exceed **[\$35,000,000]** \$70,000,000 (subject to the total authorization provided in section 103 (b) of this title) with local public agencies in States where more than two-thirds of the maximum capital grants permitted in the respective State under this subsection has been obligated.

* * * * * *

SEC. 110. * * *

(c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. For the purposes of this subsection, "slum clearance and redevelopment" may include (1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated, or deteriorating area shall not be applicable in the case of an open land project: *And provided further*, That financial assistance shall not be extended under this title for any project involving slum clearance and redevelopment of an area which is not clearly predominantly residential in character unless such area is to be redeveloped for predominantly residential uses, except that, where such an area which is not predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety and welfare in the locality involved and such area is not appropriate for redevelopment for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 per centum of the total amount of capital grants authorized by this title; (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan. *Where land within the purview of subparagraph (1) (ii) or (1) (iii) hereof (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, financial assistance under this title (including the making of capital grants) may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: Provided, That standard housing is made available to the families displaced by such projects and that such families shall be otherwise assisted as necessary in connection with their relocation: And provided further, That not more than 5 per centum of the funds allocated to the municipality under authorization of this title shall be expended under this sentence.*

TITLE V—FARM HOUSING

FINANCIAL ASSISTANCE BY THE SECRETARY OF AGRICULTURE

SEC. 501. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized, subject to the terms and conditions of this title, to extend financial assistance, through the Farmers' Home Administration, *and to insure loans*, to owners of farms in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico and the Virgin Islands, to enable them to construct, improve, alter, repair, or replace dwellings and other farm buildings

on their farms, to provide them, their tenants, lessees, sharcroppers, and laborers with decent, safe, and sanitary living conditions and adequate farm buildings as specified in this title.

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SEC. 502. * * *

(c) (1) *The Secretary is authorized to insure and make commitments to insure loans made to eligible applicants for the purposes specified in this title and to take as security for the obligations entered into in connection with such loans first or second mortgages on the farms with respect to which such loans are made and such other security as may be required by the Secretary. Such mortgages shall create a lien running to the United States for the benefit of the insurance fund, notwithstanding the fact that the note may be held by the lender or his assignee. Loans insured under this section shall bear interest at the rate of not exceeding 4½ per centum per annum and shall be on such other terms and conditions as the Secretary may prescribe, including agreement by the Secretary to repurchase such loans whether or not in default upon such terms and conditions as the Secretary shall prescribe. The Secretary shall require the borrower to pay such insurance charges as he deems proper taking into account the amount of the loan and any prior liens: Provided, however, That the charge shall be payable in advance at intervals of one year or less and shall be at a rate equal to at least 1 per centum of the principal outstanding on the loan on any due date of the charge. One-half of all insurance charges shall become a part of the fund and one-half shall be deposited in the Treasury of the United States and shall be available for administrative expenses in connection with the insurance of loans.*

(2) *The Secretary shall utilize the insurance fund created by section 11 of the Bankhead-Jones Farm Tenant Act, as amended, and the provisions of section 13 (b) and (c) of said Act in connection with loans insured under this section. The notes and security therefor acquired by the Secretary shall become a part of the fund. The notes may be held in the fund and collected according to their terms or may be sold and, if necessary, reinsured. All proceeds from such collections, including the liquidation of security and the sale of notes, shall become a part of the fund.*

(3) *The Secretary may utilize the fund for the payment of taxes, insurance, prior liens, foreclosure expenses, and any other expenses incident to actions authorized by section 510 (d) and (e) of this title.*

(4) *Any loan insured under this section shall be an obligation guaranteed by the United States as to principal and interest and the insurance agreement shall be incontestable, except for fraud or misrepresentation of which the holder has actual knowledge.*

(5) *The aggregate amount of principal obligations on loans insured under this section shall not exceed \$25,000,000 in any one fiscal year.*

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SEC. 511. The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury in such sums as the Congress may from time to time determine to make loans under this title (other than loans under section 504 (b)) not in excess of \$25,000,000 on and after July 1, 1949, an additional \$50,000,000 on and after July 1, 1950, an additional \$75,000,000 on and after July 1, 1951, an additional \$100,000,000 on and after July 1, 1952, an additional \$100,000,000 on and after July 1, 1953, [and] an additional \$100,000,000 on and after July 1, 1954, and an additional \$100,000,000 on and after July 1, 1955. The notes and obligations issued by the Secretary shall be secured by the obligations of borrowers and the Secretary's commitments to make contributions under this title and shall be repaid from the payment of principal and interest on the obligations of the borrowers and from funds appropriated hereunder. The notes and other obligations issued by the Secretary shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations by the Secretary. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or obligations shall be treated as public debt transactions of the United States.

SEC. 512. In connection with loans made pursuant to section 503, the Secretary is authorized, on and after July 1, 1949, to make commitments for contributions aggregating not to exceed \$500,000 per annum and to make additional commitments, on and after July 1 of each of the years 1950, 1951, 1952, 1953 [and 1954] 1954, and 1955 respectively, which shall require additional contributions aggregating not more than \$1,000,000, \$1,500,000, \$2,000,000, \$2,000,000 [and \$2,000,000] \$2,000,000 and \$2,000,000 per annum, respectively.

SEC. 513. There is hereby authorized to be appropriated to the Secretary (a) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to (i) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503, and (ii) the interest due on a similar sum represented by notes or other obligations issued by the Secretary; (b) an additional \$2,000,000 for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) on and after July 1, 1949, which amount shall be increased by further amounts of \$5,000,000, \$8,000,000, \$10,000,000, \$10,000,000 [and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, and 1954] \$10,000,000, and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, 1954, and 1955, respectively; and (c) such further sums as may be necessary to enable the Secretary to carry out the provisions of this title.

THE TERRITORIAL ENABLING ACT OF 1950

AN ACT

To enable the governments of Alaska, of Hawaii, of Puerto Rico, and the Virgin Islands to authorize public bodies or agencies to undertake slum clearance, urban redevelopment, *urban renewal*, and low-rent housing activities including the issuance of bonds and other obligations, to amend the low-rent housing enabling statutes for Alaska and Hawaii, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Territorial Enabling Act of 1950".

TITLE I—SLUM CLEARANCE AND URBAN REDEVELOPMENT AND URBAN RENEWAL IN ALASKA, HAWAII, AND PUERTO RICO

SEC. 101. The governments of Alaska, of Hawaii, and of Puerto Rico, each acting through its legislature, may create a public corporate authority or authorities and may authorize such authority or authorities or any other public corporate authority or any municipal corporation or political subdivision, acting directly or through any officer or agency thereof or through a public corporate authority, to undertake slum clearance and urban redevelopment projects *and urban renewal projects* and to do all things, exercise any and all powers, and to assume and fulfill any and all obligations, duties, responsibilities, and requirements, including but not limited to those relating to planning and zoning, necessary or desirable for receiving Federal assistance under title I of the Housing Act of 1949 (Public Law 171, Eighty-first Congress), *as amended*, or any other law, except that public corporate authorities (as distinct from municipalities or political subdivisions) created or authorized to operate in accordance with this Act, *as amended*, shall not be given any power of taxation or any power to pledge the full faith and credit of the people of the Territory, or municipality, or political subdivision, as the case may be, for any loan whatever. The Legislatures of Alaska, of Hawaii, and of Puerto Rico may, with respect to any public corporate authority or authorities empowered or which may be empowered to undertake slum clearance and urban redevelopment projects, *and urban renewal projects* provide for the appointment and terms of office of the members thereof, and for the powers of such authorities, including authority to accept whatever benefits the Federal Government may make available for slum clearance and urban redevelopment projects, *and urban renewal projects* and authority, notwithstanding any other Federal law, to borrow money and to issue notes, bonds, and other obligations of such character and maturity, with such security, and in such manner as the respective legislatures may provide. Such notes, bonds, and other obligations shall not be a debt of the United States, or of any Territory or municipal corporation or other political subdivision or agency thereof other than the public corporate authority which issued such notes, bonds, or obligations, nor constitute a debt, indebtedness, or the borrowing of money within the meaning of any limitation or restriction on the issuance of notes, bonds, or other obligations contained in any laws of the United States applicable to Alaska, Hawaii, or Puerto Rico, or to any municipal corporation or other political subdivision or agency thereof.

SEC. 102. The governments of Alaska, of Hawaii, and of Puerto Rico may assist slum clearance and urban redevelopment projects *and urban renewal projects* through cash donations, loans, conveyances of real and personal property, facilities, and services, and otherwise, and may authorize municipalities or other political subdivisions to make cash donations, loans, conveyances of real and personal property to public corporate authorities and to take other action, including but not limited to the making available or the furnishing of facilities and services, in aid of slum clearance and urban redevelopment projects *and urban renewal projects*.

SEC. 103. All legislation heretofore enacted by the Legislature of the Territory of Alaska, of Hawaii, and of Puerto Rico dealing with the subject matter of this Act and not inconsistent herewith is hereby ratified and confirmed.

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TITLE III—SLUM CLEARANCE, URBAN REDEVELOPMENT, *URBAN RENEWAL*, AND LOW-RENT HOUSING IN THE VIRGIN ISLANDS

SEC. 301. The government of the Virgin Islands, through its legislative assembly, may grant to a public corporate authority existing or to be created through said assembly, exclusive authority to undertake slum clearance, urban redevelopment, *urban renewal*, and low-rent housing activities within the municipalities of the Virgin Islands. The legislative assembly may provide for the appointment and terms of office of the members of such authority and for the powers of such authority, including authority to accept whatever benefits the Federal Government may make available under the Housing Act of 1949 (Public Law 171, Eighty-first Congress), *as amended*, or any other law, for projects contemplated by this Act, *as amended*, and to do all things, to exercise any and all powers, and to assume and fulfill any and all obligations, duties, responsibilities, and requirements, including but not limited to those relating to planning or zoning, necessary or desirable for receiving such Federal assistance, except that such authority shall not be given any power of taxation, nor any power to pledge the faith and credit of the people of the Virgin Islands for any loan whatever.

SEC. 302. The legislative assembly may authorize such authority, any provision of the Virgin Islands Organic Act or any other Act of Congress to the contrary notwithstanding, to borrow money and to issue notes, bonds, and other obligations of such character and maturity, with such security, and in such manner as the legislative assembly may provide. Such notes, bonds, and other obligations shall not be a debt of the United States, or of the Virgin Islands or of any municipality or subdivision thereof, other than such authority, nor constitute "bonds and other obligations" within the meaning of the Act approved October 27, 1949 (Public Law 418, Eighty-first Congress), entitled "An Act to authorize the government of the Virgin Island or any municipality thereof to issue bonds and other obligations", or a debt, indebtedness, or the borrowing of money within the meaning of any limitation or restriction on the issuance of notes, bonds, or other obligations contained in any laws of the United States applicable to the Virgin Islands or to any municipal corporation or other political subdivision or agency thereof.

SEC. 303. The government of the Virgin Islands, through its legislative assembly, may assist such authority with cash donations, loans, conveyances of real and personal property, facilities, and services, and otherwise, and may authorize municipalities and other subdivisions to make cash donations, loans, conveyances of real and personal property to such authority, and to take other action, including but not limited to, the making available or the furnishing of facilities and services, in aid of slum clearance, urban redevelopment, *urban renewal*, or low-rent housing projects.

SEC. 304. Notwithstanding the limitation contained in the last sentence of section 110 (d) or in any other provision of title I of the Housing Act of 1949 (Public Law 171, Eighty-first Congress), *as amended*, the Housing and Home Finance Administrator is hereby authorized to allow and credit to such authority as may be created for the Virgin Islands under this Act, *as amended*, (1) such local grants-in-aid as are otherwise approvable pursuant to the first sentence of said section 110 (d) with respect to any slum clearance and urban redevelopment, *or urban renewal* project or projects undertaken by such authority with Federal assistance made available under title I of the Housing Act of 1949, *as amended*, and (2) such grants-in-aid made or assistance given to the local community by any Federal department or agency pursuant to authority of law other than the Housing

Act of 1949 which would, if made or given by a State or local community, be approval pursuant to said first sentence of section 110 (d) with respect to any such project or projects so undertaken.

THE UNITED STATES HOUSING ACT OF 1937, AS AMENDED

* * * * *

SEC. 2. When used in this Act—

(1) The term "low-rent housing" means decent, safe, and sanitary dwellings within the financial reach of families of low income, and developed and administered to promote serviceability, efficiency, economy, and stability, and embraces all necessary appurtenances thereto. The dwellings in low-rent housing as defined in this Act shall be available solely for families whose net annual income at the time of admission, less an exemption of \$100 for each minor member of the family other than the head of the family and his spouse, does not exceed five times the annual rental (including the value or cost to them of water, electricity, gas, other heating and cooking fuels, and other utilities) of the dwellings to be furnished such families. For the sole purpose of determining eligibility for continued occupancy, a public housing agency may allow, from the net income of any family, an exemption for each minor member of the family (other than the head of the family and his spouse) of either (a) \$100, or (b) all or any part of the annual income of such minor. For the purposes of this subsection, a minor shall mean a person less than 21 years of age.

(2) The term "families of low income" means families who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. *The term "families" means families consisting of two or more persons or consisting of a single person sixty-five years of age or over or the residuum of a tenant family. The term "elderly families" means families the head of which, or his spouse, is sixty-five years of age or over.*

* * * * *

SEC. 10. * * *

(g) Every contract made pursuant to this Act for annual contributions for any low-rent housing project shall require that the public housing agency, as among low-income families which are eligible applicants for occupancy in dwellings of given sizes and at specified rents, shall extend the following preferences in the selection of tenants:

First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwelling units, or which were so displaced within three years prior to making application to such public housing agency for admission to any low-rent housing: *Provided*, That as among such projects or actions the public housing agency may from time to time extend a prior preference or preferences: *And provided further*, That, as among families within any such preference group first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected, and third preference shall be given to families of other veterans and servicemen;

Second, to elderly families, and as among such families first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected, and third preference shall be given to families of other veterans and servicemen: Provided, That in respect to dwelling units owned or operated by any public housing agency as low-rent housing within the meaning of this Act, such preference for elderly families shall be extended in any year to not more than 10 per centum of the estimated number of all families to be admitted to such dwelling units in such year.

[Second] *Third, to families of other veterans and servicemen and as among such families first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected.*

* * * * *

[(i) Notwithstanding the provisions of any other law, the Public Housing Administration may, with respect to low-rent housing projects initiated after March 1, 1949, enter into new contracts, agreements, or other arrangements during the fiscal year 1955 for loans and annual contributions pursuant to the United States Housing Act of 1937, as amended, with respect to not exceeding thirty-five thousand additional units: *Provided*, That no such new contract, agreement, or other arrangement shall be made except with respect to low-rent housing projects to be undertaken in a community in which there is being carried out a slum-clearance and urban-redevelopment project, or a slum-clearance and urban-renewal project, assisted under title I of the Housing Act of 1949, as amended, and the local governing body of the community undertaking such slum-clearance and urban-redevelopment project, or slum-clearance and urban-renewal project, certifies that such low-rent housing project is necessary to assist in meeting the relocation requirements of section 105 (c) of title I of the Housing Act of 1949, as amended: *And provided further*, That the total number of dwelling units in low-rent housing projects covered by such new contracts, agreements, or other arrangements shall not exceed the total number of such dwelling units which the Administrator determines to be needed for the relocation of families to be displaced as a result of Federal, State, or local governmental action in such community.];

(i) *Notwithstanding any other provisions of law, the Authority shall not enter into any new contracts for loans or annual contributions for more than one hundred and thirty-five thousand additional dwelling units during any fiscal year: Provided, That in respect to the fiscal year 1956 such number shall be increased by the difference between thirty-five thousand and the number of units for which new annual contribution contracts for additional units were entered into during the fiscal year 1955: Provided further, That (subject to the authorization of not to exceed eight hundred and ten thousand dwelling units) the number of additional dwelling units which may be commenced under this subsection during any fiscal year may be increased at any time or times by additional amounts aggregating not more than sixty-five thousand dwelling units, or may be decreased at any time or times by amounts aggregating not more than eighty-five thousand dwelling units, upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase or decrease upon conditions in the building industry and upon the national economy, that such action is in the public interest.*

* * * * *

SEC. 15. * * *

(8) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that—

(a) the public housing agency shall fix maximum income limits for the admission and for the continued occupancy of families in such housing, that such maximum income limits and all revisions thereof shall be subject to the prior approval of the Authority, and that the Authority may require the public housing agency to review and to revise such maximum income limits if the Authority determines that changed conditions in the locality make such revisions necessary in achieving the purposes of this Act;

(b) a duly authorized official of the public housing agency involved shall make periodic written statements to the Authority that an investigation has been made of each family admitted to the low-rent housing project involved during the period covered thereby, and that, on the basis of the report of said investigation, he has found that each such family at the time of its admission (i) had a net family income not exceeding the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority) for admission of families of low income to such housing; and (ii) lived in an unsafe, insanitary, or overcrowded dwelling, or was to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of a dwelling unit or units, or actually was without housing, or was about to be without housing as a result of a court order of eviction, due to causes other than the fault of the tenant: *Provided*, That the requirement in (ii) shall not be applicable in the case of the family of any veteran or serviceman (or of any deceased veteran or serviceman) where application for admission to such housing is made not later than March 1, 1959: *Provided further*, That the Public Housing Commissioner may, under regulations prescribed by him, waive the requirements of clause (ii) in the case of elderly families;

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SEC. 21. * * *

(d) Not more than **[10]** 15 per centum of the total annual amount of \$336,000,000 provided in this Act for annual contributions, nor more than **[10]** 15 per centum of the amounts provided for in this Act for grants, shall be expended within any one State.

* * * * *

SEC. 30. (a) For the purpose of increasing the supply of decent, safe, and sanitary housing for elderly families, available at rents which they can afford to pay, the Public Housing Commissioner may—

(1) make loans to public housing agencies to assist the development, acquisition, or administration of low-rent housing reserved in whole or in part for occupancy by such families; and

(2) make annual contributions to public housing agencies to assist in achieving and maintaining the low-rent character of housing which is reserved in whole or in part for occupancy by such families.

(b) The provisions of this Act relating to low-rent housing generally shall apply with respect to low-rent housing reserved in whole or in part for elderly families, assisted under subsection (a) of this section, except that with respect to projects containing such housing—

(1) the Public Housing Commissioner is authorized, with the approval of the President, to enter into contracts for annual contributions including not more than \$3,000,000 per annum in respect to such housing (which shall be in addition to the annual contributions authorized by section 10 (e) of this Act or by any other provision of law) in the fiscal year 1956 and in each of the four succeeding fiscal years;

(2) the Public Housing Commissioner may authorize the commencement of construction of not to exceed ten thousand such dwelling units (which shall be in addition to the number of dwelling units authorized by section 10 (e) of this Act or by any other provision of law) in the fiscal year 1956 and in each of the four succeeding fiscal years;

(3) section 10 (g) of this Act (relating to veterans' preferences) shall not be applicable;

(4) preference for admission to dwelling units in such housing shall be given to elderly families of low income (as determined under regulations prescribed by the Public Housing Commissioner).

(c) Low-rent housing assisted under subsection (a) of this section shall, notwithstanding the provisions of the first sentence of subsection 15 (5) of this Act, be designed specifically for occupancy by elderly families and shall be conveniently located, so as to provide to the maximum extent practicable for their comfort and welfare.

(d) Whenever the Public Housing Commissioner determines that there is an acute shortage of adequate housing for elderly families of low income in an area in which there are located dwelling units owned or operated by any public housing agency as low-rent housing within the meaning of this Act, he may, under regulations prescribed by him, authorize public housing agencies, notwithstanding the provisions of the first sentence of subsection 15 (5) of this Act, to reconstruct or remodel such housing (or any part thereof) to provide dwelling units reserved in whole or in part for occupancy by such families: and such housing (or part thereof) shall thereafter be deemed, for purposes of subsection (b) of this section, to be low-rent housing assisted under subsection (a) of this section.

(e) The Public Housing Commissioner is authorized to include such provisions in contracts made pursuant to section 10 of this Act after the date of the enactment of this section, and to negotiate with the public housing agencies involved such modifications of previously existing contracts made under section 10 of this Act, as may be necessary (1) to permit elderly families of low income (as determined under regulations prescribed by the Public Housing Commissioner) to be admitted to any low-rent housing assisted under such section 10 and (2) to provide, for families so admitted, conditions for continued occupancy similar to those applicable with respect to other tenants.

[SEC. 30] SEC. 31. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

[SEC. 31] SEC. 32. This Act may be cited as the "United States Housing Act of 1937".

THE HOUSING ACT OF 1950, AS AMENDED

TITLE IV—HOUSING FOR EDUCATIONAL INSTITUTIONS

FEDERAL LOANS

[SEC. 401. (a) To assist educational institutions in providing housing for their students and faculties the Administrator may make loans of funds to such institutions for the construction of such housing: *Provided*, That no such loan shall be made unless the educational institution shows that it is unable to secure the necessary funds for such housing from other sources upon terms and conditions generally comparable to the terms and conditions applicable to loans under this title: *And provided further*, That no such loan shall be made unless the Administrator finds that the housing will be undertaken in such a manner that economy will be promoted in its construction, and that it will not be of elaborate or extravagant design or materials. Any educational institution which, prior to the date of enactment of this Act, has contracted for housing may, in connection therewith, receive loans authorized under this title, as the Administrator may determine: *Provided further*, That no such loan shall be made for any housing, the construction of which was begun prior to the effective date of this Act. A loan to an educational institution may be in an amount not exceeding the total development cost of the housing, as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding forty years, as may be determined by him; and, with respect to loan contracts entered into after the first minimum annual rate has been specified as provided herein, shall bear interest at a rate determined by the Administrator which shall be not less than the minimum annual rate which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for the loan is approved by the Administrator: *Provided*, That such minimum annual rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum.

[(b) To obtain funds for loans under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$300,000,000.

[(c) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

[(d) There are hereby authorized to be appropriated to the Administrator such sums as may be necessary, together with loan principal and interest payments made by educational institutions assisted hereunder, for payments on notes or other obligations issued by the Administrator under this section.]

SEC. 401. (a) To assist educational institutions in providing housing and other educational facilities for students and faculties, the Administrator may make loans of funds to such institutions for the construction of such facilities: Provided, That (1) no such loan shall be made unless the educational institution shows that it is unable to secure the necessary funds for such construction from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title, and (2) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials.

(b) Any educational institution which, prior to the date of enactment of this Act, has contracted for housing or other educational facilities may, in connection therewith, receive loans authorized under this title, as the Administrator may determine: Provided, That no such loan shall be made for any housing or other educational facilities, the construction of which was begun prior to the effective date of this Act, or completed prior to the filing of an application under this title.

(c) A loan to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and with respect to loan contracts under which loan funds have not been fully disbursed prior to the date of enactment of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (1) $2\frac{3}{4}$ per centum per annum, or (2) the total of one-quarter of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in subsection (e) of this section.

(d) To obtain funds for loans under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$500,000,000: Provided, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$100,000,000.

(e) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) $2\frac{1}{2}$ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.

(f) There are hereby authorized to be appropriated to the Administrator such sums as may be necessary, together with loan principal and interest payments made by educational institutions assisted hereunder, for payments on notes or other obligations issued by the Administrator under this section.

* * * * *

SEC. 404. For the purposes of this title, the following terms shall have the meanings, respectively, ascribed to them below:

* * * * *

[(b) "Educational institution" means educational institutions of higher learning, including (a) any public educational institution or (b) any private educational institution, no part of the net earnings of which shall inure to the benefit of any private shareholder or individual.]

(b) "Educational institution" means (1) any educational institution offering at least a two-year program acceptable for full credit toward a baccalaureate degree, including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual, and (2) any educational or philanthropic corporation (no part of the net earnings of which inures to the benefit of any private shareholder or individual) (A) established by any institution included in clause (1) of this subsection for the sole purpose of providing housing or other educational facilities for students or students and faculty of such institution without regard to their membership in or affiliation with any social, fraternal, or honorary society or organization, and (B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan secured under this title will pass to such institution.

[(c) "Development cost" means costs of the construction of the housing and the land on which it is located, including necessary site improvements to permit its use for housing purposes.]

(c) "Development cost" means costs of the construction of the housing or other educational facilities and the land on which it is located, including necessary site improvements to permit its use for housing or other educational facilities.

* * * * *

(h) "Other educational facilities" means (1) new structures suitable for use as cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, and for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

"AN ACT TO EXPEDITE THE PROVISION OF HOUSING IN CONNECTION WITH NATIONAL DEFENSE, AND FOR OTHER PURPOSES,"
APPROVED OCTOBER 14, 1940, AS AMENDED

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SEC. 605. (a) The Administrator may continue by lease or condemnation any interest less than a fee simple in lands heretofore acquired by the Administrator for national defense or war housing or for veterans' housing (whether of permanent or temporary character), or held by any Federal agency in connection therewith, and may acquire, by purchase or condemnation, a fee simple title to or lesser interest in any such lands if the Administrator determines that the acquisition of such fee simple or lesser interest is necessary to protect the Government's investment or to maintain the improvements constructed thereon, or that the cost of fulfilling the Government's obligation to restore the property to its original condition would equal or exceed the cost of acquiring the title thereto.

[In any city in which, on March 1, 1953, there were more than ten thousand temporary housing units held by the United States of America, or in any two contiguous cities in one of which there were on such date more than ten thousand temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veterans' housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will expedite the disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, (2) the city or a local public agency has, in accordance with authority under State law, entered into a firm agreement to purchase the land so acquired at a price determined by the Administrator to be fair, but in no event less than the estimated cost to the Federal Government of acquiring the fee simple title (including an estimated amount to cover legal and overhead expenses of such acquisition) as determined by the Administrator, (3) the city or local public agency has furnished evidence satisfactory to the Administrator that it has or will have funds available to make all agreed-upon payments to the Federal Government and to protect the Federal Government against any loss resulting from the acquisition of fee simple title, (4) the city or local public agency has furnished assurances satisfactory to the Administrator that the land will be made available to private enterprise for development, in accordance with local zoning and other laws, for predominantly residential uses, and (5) the city or local public agency has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: *Provided*, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding four hundred and twenty-five acres of land in the general area in which approximately one thousand five hundred units of temporary housing held by the United States of America were unoccupied on said date.]

In any city in which, on March 1, 1953, there were more than ten thousand temporary housing units held by the United States of America, or any two contiguous cities in one of which there were on such date more than ten thousand temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any or all lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veteran's housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will tend to expedite the orderly disposal or removal of temporary housing under his jurisdiction

by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, and will tend to expedite the transition of the city from a war-affected community containing, as of said date, a large number of temporary houses to a community having additional permanent, well-planned, residential neighborhoods, (2) the local governing body of the city makes a like finding and requests the Administrator to acquire such title to the land, and (3) the city has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: *Provided, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding four hundred and twenty-five acres of land in the general area in which approximately one thousand five hundred units of temporary housing held by the United States of America were unoccupied on said date: And provided further, That funds for such acquisition by the Administrator, which are authorized, pursuant to subsection (c) of this section and title II of the Independent Offices Appropriation Act, 1955, to be expended from the revolving fund established by that title under the heading "Housing and Home Finance Agency Office of the Administrator, revolving fund", shall be taken into consideration, to the extent that they are needed, in making any determination pursuant to the second proviso under that heading. All or any part of any land so acquired by the Administrator may, during the five year period following the date of its acquisition, be sold by the Administrator, through negotiated sale, to such city or any local public agency where (1) the city or local public agency has represented to the Administrator that it is duly authorized under State law to purchase and resell such land, that such land will be made available to private enterprise for development in accordance with local zoning and other laws, and that the aggregate of such land and any other land in the same city previously sold under the authority of this paragraph to the city or a local public agency will be developed for predominantly residential use, and (2) the city or local public agency has agreed to pay the fair market value of the land as determined by the Administrator, after giving consideration, among other relevant information, to the cost to the Federal Government of acquiring the fee simple title and of holding the land pending sale (including estimated amounts to cover legal and overhead expenses of such acquisition and to cover interest costs to the Federal Government of monies invested in the land pending sale). Any such negotiated sale of land to the city or a local public agency shall be made upon terms which require (1) that the city or public agency shall pay in cash at least one third of the price of the land upon its conveyance and the entire price within one year after its conveyance and (2) that any portion of the entire price not paid upon such conveyance shall be represented by an indebtedness which shall bear interest on outstanding balances at a rate of 4 per centum per annum and which shall be secured by a first mortgage lien upon the land or such portion of the land as the Administrator deems adequate to protect the financial interest of the Federal Government. The Administrator may, at any time that he deems it to be in the public interest to do so, dispose, under authority of other provisions of this Act, of any land acquired by him pursuant to this paragraph. Any land acquired by the Administrator pursuant to this paragraph which has not been disposed of within five years after its acquisition shall be disposed of by him as expeditiously as possible in the public interest in accordance with other authority contained in this Act.*

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SEC. 607. * * *

(b) Preference in the purchase of any dwelling structure designed for occupancy by not more than four families and offered for separate sale shall be granted to occupants and to veterans over other prospective purchasers for such period as the Administrator may determine and in the following order:

- (1) a veteran who occupies a unit in the dwelling structure to be sold and who intends to continue to occupy such unit;
- (2) a nonveteran who occupies a unit in the dwelling structure to be sold and who intends to continue to occupy such unit;
- (3) a veteran who intends to occupy a unit in the dwelling structure to be sold.

Subject to the above order of preference, the Administrator may establish subordinate preferences for any such dwelling structure. *In the disposition of any lands under this section which were acquired by the United States, the Administrator may, notwithstanding the order of preference provided in this section, grant a first preference to the former owners of such lands in the purchase thereof for such period and under such conditions as he may determine to be appropriate and in the public interest. In the disposition of any dwellings under this section which were acquired by*

the United States from persons occupying the dwellings at the time of such acquisition, the Administrator may, notwithstanding the order of preference provided in this section, grant a first preference to such persons in the purchase of any of these dwellings for such period and under such conditions as he may determine to be appropriate and in the public interest. As used in this section 607 (b), the term "veteran" shall include a veteran, a serviceman, or the family of a veteran or a serviceman, or the family of a deceased veteran or serviceman whose death has been determined by the Veterans' Administration to be service-connected.

* * * * *

(f) Sales pursuant to this section shall be upon such terms as the Administrator shall determine: *Provided*, That full payment to the Government for the property sold shall be required within a period not exceeding twenty-five years with interest on unpaid balances at not less than 4 per centum per annum, except that in the case of projects initially programmed as mutual housing communities under the defense housing program, the terms of sale shall not require a downpayment and shall provide for full payment to the United States over a period of forty-five years with interest on unpaid balances at not more than 3 per centum per annum: *Provided, That, in the case of Project Indiana—12021 (Southmore Heights), the terms of sale to any preference purchaser shall not require a downpayment.*

FIRST INDEPENDENT OFFICES APPROPRIATION ACT, 1954

PUBLIC HOUSING ADMINISTRATION

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Annual contributions: For the payment of annual contributions to public housing agencies in accordance with section 10 of the United States Housing Act of 1937, as amended (42 U. S. C. 1410), \$32,500,000: *Provided*, That except for payments required on contracts entered into prior to April 18, 1940, no part of this appropriation shall be available for payment to any public housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant of any such project by rental or occupancy any person other than a citizen of the United States, but such prohibition shall not be applicable in the case of a family of any serviceman or the family of any veteran who has been discharged (other than dishonorably) from, or the family of any serviceman who died in, the Armed Forces of the United States within four years prior to the date of application for admission to such housing: *Provided further*, That all expenditures of this appropriation shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended: *Provided further*, That unless the governing body of the locality agrees to its completion, no housing shall be authorized by the Public Housing Administration, or, if under construction continue to be constructed, in any community where the people of that community, by their duly elected representatives, or by referendum, have indicated they do not want it, and such community shall negotiate with the Federal Government for the completion of such housing, or its abandonment, in whole or in part, and shall agree to repay to the Government the moneys expended prior to the vote or other formal action whereby the community rejected such housing project for any such projects not to be completed plus such amount as may be required to pay all costs and liquidate all obligations lawfully incurred by the local housing authority prior to such rejection in connection with any project not to be completed: *Provided further*, That, in any case where the Public Housing Administration (after the approvals on the part of the governing body of the locality required by law) has entered into a financial assistance contract with a local housing authority covering any low-rent housing projects to be constructed in such locality and, (a) thereafter but prior to the effective date of this Act, a majority of the members of the governing body of the locality, and the people of the locality have voted against any such low-rent housing projects, and (b) the local housing authority and the governing body of the locality agree to a modification of the agreement providing the required local cooperation in connection with such low-rent housing projects, the preceding proviso shall not be applicable and: (1) the Public Housing Administration shall not, unless the governing body of the locality shall, by resolution, request such action, (a) authorize the award of any contract for the construction of any such low-rent housing project, or (b) make any further advance of funds on account of any such project for which the main construction contract has not heretofore been awarded, excepting only such funds as may be required by the local housing

authority (i) to pay all costs and liquidate all obligations heretofore properly incurred by it in connection with any such project which pursuant to such modification is to be terminated and (ii) to pay costs in connection with the liquidation (including the sale of land or other assets) of any such terminated project; (2) in the liquidation of any such terminated project no claim shall be made by the local housing authority or the Public Housing Administration against the locality or its governing body on account of such termination; (3) the Public Housing Administration shall absorb as a loss, and shall release the local housing authority from, all claims, if any, of said Administration in connection with such terminated project in excess of the net amount realized from the sale by the local housing authority of all land (which if sold to other than a public agency shall be after public advertisement to the highest responsible bidder but if sold to a public agency may be at a price equal to the purchase price of the land, exclusive of improvements, as approved by the Public Housing Commissioner) and other assets acquired and held in connection with such terminated project; and (4) the Secretary of the Treasury shall credit as a payment upon the note or notes of the Public Housing Administration executed and delivered in connection with funds obtained pursuant to section 20 of the United States Housing Act of 1937, as amended, an amount equal to such loss as certified by the Public Housing Commissioner: *Provided further*, That the record of expenditure of the Public Housing Administration and of the local housing authority on any public housing project shall be open to examination by the responsible authorities of any community in which such project is located, or by the local public housing authority, or by any firm of public accountants retained by either of the foregoing: *Provided further*, That no housing unit constructed under the United States Housing Act of 1937, as amended, shall be occupied by a person who is a member of an organization designated as subversive by the Attorney General: *Provided further*, That the foregoing prohibition shall be enforced by the local housing authority, and that such prohibition shall not impair or affect the powers or obligations of the Public Housing Administration with respect to the making of loans and annual contributions under the United States Housing Act of 1937, as amended: *Provided further*, That notwithstanding the provisions of the United States Housing Act of 1937, as amended, the Public Housing Administration shall not, with respect to projects initiated after March 1, 1949, (1) authorize during the fiscal year 1954 the commencement of construction of in excess of twenty thousand dwelling units [or (2) after the date of approval of this Act, enter into any new agreements, contracts, or other arrangements, preliminary or otherwise, which will ultimately bind the Public Housing Administration during fiscal year 1954 or for any future years with respect to loans or annual contributions for any additional dwelling units or projects unless hereafter authorized by the Congress to do so, and during the fiscal year 1954 the Housing and Home Finance Administrator shall make a complete analysis and study of the low-rent public housing program and, on or before February 1, 1954, shall transmit to the Appropriations Committees of the House and Senate his recommendations with respect to such low-rent public housing program].

INDEPENDENT OFFICES APPROPRIATION ACT, 1953

PUBLIC HOUSING ADMINISTRATION

Annual contributions: For the payment of annual contributions to public housing agencies in accordance with section 10 of the United States Housing Act of 1937, as amended (42 U. S. C. 1410), \$29,880,000: *Provided*, That except for payments required on contracts entered into prior to April 18, 1940, no part of this appropriation shall be available for payment to any public housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant of any such project by rental or occupancy any person other than a citizen of the United States, but such prohibition shall not be applicable in the case of a family of any serviceman or the family of any veteran who has been discharged (other than dishonorably) from, or the family of any serviceman who died in, the Armed Forces of the United States within four years prior to the date of application for admission to such housing: *Provided further*, That all expenditures of this appropriation shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended: *Provided further*, That notwithstanding the provisions of the United States Housing Act of 1937, as amended, the Public Housing Administration shall not, with respect to projects initiated after March 1, 1949, (1) authorize

during the fiscal year 1953 the commencement of construction of in excess of thirty-five thousand dwelling units or [(2) after the date of approval of this Act, enter into any agreement, contract, or other arrangement which will bind the Public Housing Administration with respect to loans, annual contributions, or authorizations for commencement of construction, for dwelling units aggregating in excess of thirty-five thousand to be authorized for commencement of construction during any one fiscal year subsequent to the fiscal year 1953, unless a greater number of units is hereafter authorized by the Congress]: *Provided further*, That the Public Housing Administration shall not, after the date of approval of this Act, authorize the construction of any projects initiated before or after March 1, 1949, in any locality in which such projects have been or may hereafter be rejected by the governing body of the locality or by public vote, unless such projects have been subsequently approved by the same procedure through which such rejection was expressed: *Provided further*, That no housing unit constructed under the United States Housing Act of 1937, as amended, shall be occupied by a person who is a member of an organization designated as subversive by the Attorney General: *Provided further*, That the foregoing prohibition shall be enforced by the local housing authority, and that such prohibition shall not impair or affect the powers or obligations of the Public Housing Administration with respect to the making of loans and annual contributions under the United States Housing Act of 1937, as amended.

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FEDERAL HOME LOAN BANK ACT, AS AMENDED

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SEC. 6. * * *

[(c) The original stock subscription for each institution eligible to become a member under section 4 shall be an amount equal to 1 per centum of the aggregate of the unpaid principal of the subscriber's home mortgage loans, but not less than \$500. The board shall from time to time adjust the amount of stock held by each member so that, as nearly as possible, such member shall at all times have invested in the stock of the Federal Home Loan Bank at least an amount calculated in the manner provided in the preceding sentence (but not less than \$500). If the board finds that the investment of any member in stock is greater than that required under this section, upon application of such member, the bank shall pay such member for each share of stock in excess of the amount so required an amount equal to the value of such stock, or, at the election of the bank, the whole or any part of the payments which would be so made shall be credited upon the indebtedness of the member to the bank. In either such event, stock equal in value to the amount of the payment or credit, or both, as the case may be, shall be surrendered and canceled. No share of stock shall be surrendered and canceled if the effect of such surrender and cancellation would be to violate the provisions of section 10 (c) requiring the amount of stock held by such member to equal at least one-twelfth of the outstanding advances to such member.]

(c) *The original stock subscription for each institution eligible to become a member under section 4 shall be an amount equal to 1 per centum of the aggregate of the unpaid principal of the subscriber's home mortgage loans, or such higher per centum not exceeding 2 per centum as the board shall by regulation prescribe, but not less than \$500: Provided, That nothing herein shall permit a member to reduce the amount of stock held by it to below 2 per centum of the aggregate of the unpaid principal of its home mortgage loans as of the effective date of the Housing Amendments of 1955, but no such member shall be required to subscribe for additional stock until such time as the amount of stock held by it does not equal that required by such regulation. The board shall from time to time adjust the amount of stock held by each member so that, as nearly as possible, such member shall at all times have invested in the stock of the Federal Home Loan Bank at least an amount calculated in the manner provided in the preceding sentence (but not less than \$500). If the board finds that the investment of any member in stock is greater than that required under this section or under regulation of the board, upon application of such member, the bank shall pay such member for each share of stock in excess of the amount so required an amount equal to the par value of such stock, or, at the election of the bank, the whole or any part of the payments which would be so made shall be credited upon any indebtedness of the member to the bank. In either such event, stock equal in par value to the amount of the payment or credit, or both, as the case may be, shall be surrendered and canceled. No share of stock shall be surrendered and canceled if the effect of such surrender and cancellation*

would be to violate the provisions of section 10 (c) requiring the amount of stock held by such member to equal at least one-twelfth of the outstanding advances to such member.

* * * * *

(i) [Any member may withdraw from membership in a Federal Home Loan Bank six months after filing with the board written notice of intention so to do, and the board may, after hearing, remove any member from membership, or deprive any nonmember borrower of the privilege of obtaining further advances, if, in the opinion of the board, such member or nonmember borrower has failed to comply with any provision of this Act or the regulations of the board made pursuant thereto or if, in the opinion of the board, such member or nonmember borrower is insolvent.] *Any member other than a Federal savings and loan association may withdraw from membership in a Federal Home Loan Bank six months after filing with the board written notice of intention so to do, and the board may, after hearing, remove any member from membership, or deprive any nonmember borrower of the privilege of obtaining further advances, if, in the opinion of the board, such member or nonmember borrower (i) has failed to comply with any provision of this Act or regulation of the board made pursuant thereto; (ii) is insolvent: Provided, That any member of a bank which is a building and loan association, savings and loan association, cooperative bank, or homestead association shall be deemed insolvent if the assets of such member are less than its obligations to its creditors and others, including the holders of its withdrawable accounts; or (iii) has a management or home-financing policy of a character inconsistent with sound and economical home financing or with the purposes of this Act.* In any such case, the indebtedness of such member or nonmember borrower to the Federal Home Loan Bank shall be liquidated, and the capital stock in the Federal Home Loan Bank owned by such member shall be surrendered and canceled. Upon the liquidation of such indebtedness such member or nonmember borrower shall be entitled to the return of its collateral, and upon surrender and cancellation of such capital stock, the member shall receive a sum equal to its cash paid subscriptions for the capital stock surrendered, except that if at any time the board finds that the paid-in capital of a Federal Home Loan Bank is or is likely to be impaired as a result of losses in or depreciation of the assets held, the Federal Home Loan Bank shall on the order of the board withhold from the amount to be paid in retirement of the stock a pro rata share of the amount of such impairment as determined by the board.

* * * * *

[(1) Within one year after the enactment of this subsection, each member of each Federal Home Loan Bank shall acquire and hold and thereafter maintain its stock holding in an amount equal to at least 2 per centum of the aggregate of the unpaid principal of such member's home mortgage loans, home-purchase contracts, and similar obligations, but not less than \$500. Such stock in excess of the amount hereby required may be purchased from time to time by members and may be retired from time to time as heretofore. One year after the enactment of this subsection, each Federal Home Loan Bank shall retire and pay off at par an amount of its stock held by the Secretary of the Treasury equivalent to the amount of its stock held by its members in excess of the amount required to be held by them by the first two sentences of subsection (c) of this section immediately prior to the enactment of this subsection and annually thereafter each Federal Home Loan Bank shall retire an amount of such Government stock equivalent to 50 per centum of the net increase of its stock held by members since the last previous retirement: *Provided, That none of such Government capital shall at any time be retired so as to reduce the aggregate capital stock, reserves, surplus, and undivided profits of the Federal Home Loan Banks to less than \$200,000,000: Provided further, That notwithstanding any provision of this subsection, nothing in this subsection shall limit or affect the operation of subsection (g) of this section.*]

SEC. 7. (a) The management of each Federal Home Loan Bank shall be vested in a board of twelve directors, all of whom shall be citizens of the United States and bona fide residents of the district in which such bank is located: *Provided, That the board may by regulation increase the number of elective directors of any Federal home loan bank having a district which includes five or more States to a number not exceeding twice the number of States comprising such district, but such additional elective directors shall be apportioned as nearly as may be practicable in the same manner and order as is provided for the apportionment of elective directors under subsections (c) and (d) hereof. The term "States" as used in the preceding proviso shall mean the States of the Union and the District of Columbia.*

* * * * *

SEC. 17. (a) For the purposes of this Act there shall be a board, to be known as the "Federal Home Loan Bank Board", which shall consist of five citizens of the United States appointed by the President of the United States, by and with the advice and consent of the Senate. Not more than three members of the board shall be members of the same political party. Each member shall devote his entire time to the business of the board. Before entering upon his duties each of the members shall take an oath faithfully to discharge the duties of his office. The President of the United States shall designate one of the members of the board to serve for a term of two years, one for three years, one for four years, one for five years, and one for six years from the date of the enactment hereof, and thereafter the term of each member shall be six years from the date of the expiration of the term for which his predecessor was appointed. Whenever a vacancy shall occur among the members the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the member whose place he is selected to fill. Each of the members of the board shall receive a salary at the rate of \$10,000 per annum: *Provided*, That during the fiscal year 1933 the salary shall be \$9,000 per annum. The President shall designate one of the members as chairman of the board. The chairman shall be the chief executive officer of the board and in his absence or disability the duties of his office shall be performed by some one of the other members to be designated as acting chairman by the chairman in such order as he may determine. The board shall supervise the Federal Home Loan Banks created by this Act, shall perform the other duties specifically prescribed by this Act, and shall have power to adopt, amend, and require the observance of such rules, regulations, and orders as shall be necessary from time to time for carrying out the purposes of the provisions of this Act. The board shall have power to suspend or remove any director, officer, employee, or agent of any Federal Home Loan Bank, the cause of such suspension or removal to be communicated in writing forthwith to such director, officer, employee, or agent and to such Federal Home Loan Bank.

(b) *The Home Loan Bank Board which was, pursuant to Reorganization Plan Numbered 3 of 1947, established and made a constituent agency of the Housing and Home Finance Agency shall, from the effective date of the Housing Amendments of 1955, cease to be such a constituent agency and shall be an independent agency (including the Federal Savings and Loan Insurance Corporation) in the executive branch of the Government: Provided, That the functions vested in the Chairman of said board under clause (2) of the last sentence of subsection (b) of section 2 of said reorganization plan are hereby transferred to said board. Notwithstanding any other provision of law, said board, the Chairman thereof except as herein otherwise provided, and the Federal Savings and Loan Insurance Corporation, respectively, shall have and may exercise all functions which they respectively had or could exercise, immediately prior to the effective date of the Housing Amendments of 1955 or immediately prior to the effective date of the Independent Offices Appropriation Act, 1955. Said board shall annually make a report of its operations (including those of the Federal Savings and Loan Insurance Corporation) to the Congress as soon as practicable after the first day of January in each year. The name of the Home Loan Bank Board is hereby changed to "Federal Home Loan Bank Board."*

THE HOME OWNERS' LOAN ACT OF 1933, AS AMENDED

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SEC. 5. * * *

(c) Such associations shall lend their funds only on the security of their shares or on the security of first liens upon homes or combination of homes and business property within fifty miles of their home office: *Provided*, That not more than \$35,000 shall be loaned on the security of a first lien upon any one such property; except that not exceeding 15 per centum of the assets of such association may be loaned on other improved real estate without regard to said \$35,000 limitation, and without regard to said fifty-mile limit, but secured by first lien thereon: *And provided further*, That any portion of the assets of such associations may be invested in obligations of the United States or the stock or bonds of a Federal Home Loan Bank or in the obligations of the Federal National Mortgage Association: *And provided further*, That any such association which is converted from a State-chartered institution may continue to make loans in the territory in which it made loans while operating under State charter. In addition to the loans and investments otherwise authorized, such associations may purchase, subject to all provisions of this paragraph except the area restriction, loans secured by

first liens on improved real estate which are insured under the provisions of the National Housing Act, as amended, or insured as provided in the Servicemen's Readjustment Act of 1944, as amended.

Without regard to any other provision of this subsection except the area requirement such associations are authorized to invest a sum not in excess of 15 per centum of the assets of such association in loans insured under title I of the National Housing Act, as amended, in unsecured loans insured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, as amended, and in other loans for property alteration, repair, or improvement: *Provided*, That no such loan shall be made in excess of \$2,500. *Provided*, That no such loan, unless so insured or guaranteed, shall be made in excess of \$2,500.

THE HOUSING ACT OF 1954

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【SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain a continuing and adequate reserve of planned public works the construction of which can rapidly be commenced whenever the economic situation may make such action desirable, and (2) to attain maximum economy and efficiency in the planning and construction of local, State, and Federal public works, the Administrator is hereby authorized, during the period of three years commencing on July 1, 1954, to make advances to public agencies from funds available under this section (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided*, That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned.

【(b) No advance shall be made hereunder with respect to any individual project unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning, the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

【(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: *Provided*, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency. All sums so repaid shall be covered into the Treasury as miscellaneous receipts.

【(d) The Administrator is authorized to prescribe rules and regulations to carry out the purposes of this section.

【(e) There is hereby authorized to be appropriated not exceeding \$10,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended: *Provided*, That not to exceed 1 per centum of the funds appropriated under this section may be used for the purpose of surveying the status and current volume of advanced public works planning among the several States and their subdivisions, such surveys to be carried out by the Administrator in cooperation with the Council of Economic Advisers in the Executive Office of the President. Not more than 5 per centum of the funds so appropriated shall be expended in any one State.】

SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain at all times a current and adequate reserve of planned public works the construction of which can rapidly be commenced, particularly when the national or local economic situation makes such action desirable, and (2) to help attain maximum economy and efficiency in the planning and construction of public works, the Administrator is hereby authorized to make advances to public agencies (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided*, That the making of advances hereunder shall not in any

way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned: And provided further, That advances outstanding to public agencies in any one State shall at no time exceed 10 per centum of the aggregate then authorized to be appropriated to the revolving fund established pursuant to subsection (e) of this section.

(b) No advance shall be made hereunder with respect to any individual project unless it is planned to be constructed within a reasonable period of time, unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning, the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: Provided, That if the public agency undertakes to construct only a portion of a planned public work it shall repay such proportionate amount of the advances relating to the public work as the Administrator determines to be equitable: And provided further, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency.

(d) The Administrator is authorized to prescribe rules and regulations to carry out the purpose of this section.

(e) In order to provide moneys for advances in accordance with this section, the Administrator is hereby authorized to establish a revolving fund which shall comprise all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayments and other receipts in connection with advances made under this section. There are hereby authorized to be appropriated to such revolving fund, in addition to the amount authorized by this section as originally enacted, the further amounts of \$12,000,000 which may be made available to the revolving fund on or after July 1, 1956; \$12,000,000 which may be made available to such fund on or after July 1, 1957; \$14,000,000 which may be made available to such fund on or after July 1, 1958; and such additional sums which may be made available from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of \$48,000,000 in undisbursed balances in the revolving fund and in advances outstanding for plans in preparation or for completed plans with respect to projects which, in the determination of the Administrator, can be expected to be undertaken within a reasonable period of time.

FEDERAL RESERVE ACT

* * * * *

SECTION 24. LOANS ON FARM LANDS

SEC. 24. Any national banking association may make real-estate loans secured by first liens upon improved real estate, including improved farm land and improved business and residential properties. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by a mortgage, trust deed, or other instrument upon real estate, which shall constitute a first lien on real estate in fee simple or, under such rules and regulations as may be prescribed by the Comptroller of the Currency, on a leasehold (1) under a lease for not less than ninety-nine years which is renewable or (2) under a lease having a period of not less than fifty years to run from the date the loan is made or acquired by the national banking association, and any national banking association may purchase any obligation so secured when the entire amount of such obligation is sold to the association. The amount of any such loan hereafter made shall not exceed 50 per centum of the appraised value of the real estate offered as security and no such loan shall be made for a longer term than five years; except that (1) any such loan may be made in an amount not to exceed 60 per centum of the appraised value of the real estate offered as security and for a term not longer than ten years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize 40 per centum or more of the principal of the loan within a period of not more than ten years, and (2) the foregoing limitations and restrictions shall

not prevent the renewal or extension of loans heretofore made and shall not apply to real-estate loans which are insured under the provisions of title II, title VI, title VIII, section 8 of title I, or title IX of the National Housing Act or which are insured by the Secretary of Agriculture pursuant to title I of the Bankhead-Jones Farm Tenant Act, or the Act of August 28, 1937, as amended *or title V of the Housing Act of 1949, as amended*. No such association shall make such loans in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of 60 per centum of the amount of its time and savings deposits, whichever is the greater. Any such association may continue hereafter as heretofore to receive time and savings deposits and to pay interest on the same, but the rate of interest which such association may pay upon such time deposits or upon savings or other deposits shall not exceed the maximum rate authorized by law to be paid upon such deposits by State banks or trust companies organized under the laws of the State in which such association is located.



Union Calendar No. 268

84TH CONGRESS
1ST SESSION

S. 2126

[Report No. 913]

IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 1955

Referred to the Committee on Banking and Currency

JUNE 24, 1955

Reported with amendments, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

AN ACT

To extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Housing Amendments
4 of 1955".

1 TITLE I—GENERAL HOUSING AMENDMENTS

2 HOME IMPROVEMENT LOANS

3 SEC. 101. (a) Section 2 (a) of the National Housing
 4 Act, as amended, is hereby amended by striking “July 1,
 5 1955” and inserting “July 1, 1960 1956”.

6 (b) *Clause (iii) of the second paragraph of section 2 (a)*
 7 *of said Act, as amended, is hereby amended by striking*
 8 *“six months” and inserting in lieu thereof “two months”.*

9 ~~(b)~~ (c) Section 2 (b) of said Act, as amended, is
 10 hereby amended by striking “\$2,500” and inserting in lieu
 11 thereof “\$3,000”. “exceeds \$2,500” and by inserting a
 12 comma immediately preceding “exceeds \$3,000”.

13 MORTGAGE INSURANCE

14 SEC. 102. (a) Section 203 (i) of said Act, as amended,
 15 is hereby amended by striking “, the total amount of insur-
 16 ance outstanding at any one time under this proviso not to
 17 exceed \$100,000,000”.

18 ~~(b)~~ Section 204 ~~(f)~~ of said Act, as amended, is
 19 hereby amended by adding the following paragraph at the
 20 end thereof:

21 “Notwithstanding any other provisions of this section,
 22 the Commissioner is authorized, with respect to mortgages
 23 insured pursuant to commitments for insurance issued on or
 24 after July 1, 1955, and, with the consent of the mortgagee
 25 or mortgager, as the case may be, with respect to mortgages

1 insured pursuant to commitments issued prior to such date,
 2 to effect the settlement of certificates of claim and refunds
 3 to mortgagors at any time after the sale or transfer of title
 4 to the property conveyed to the Commissioner under this
 5 section and without awaiting the final liquidation of such
 6 property for the purpose of determining the net amount to
 7 be realized therefrom."

8 ~~(c)~~ Section 207 of said Act, as amended, is hereby
 9 amended as follows:

10 ~~(1)~~ In subsection ~~(a)~~ ~~(1)~~ ~~(B)~~, after the words "resi-
 11 dential use", insert "or upon which there is located or to
 12 be constructed facilities for trailer coach mobile dwellings";

13 ~~(2)~~ In subsection ~~(a)~~ ~~(6)~~, before the period, insert
 14 the following: "or space in a trailer court or park properly
 15 arranged and equipped to accommodate trailer coach mobile
 16 dwellings";

17 ~~(3)~~ In the first proviso of subsection ~~(c)~~ ~~(2)~~, after
 18 the words "of this section", insert "or a mortgage on a
 19 trailer court or park";

20 ~~(4)~~ Before the colon immediately preceding the proviso
 21 in subsection ~~(c)~~ ~~(3)~~, insert "or not to exceed \$1,000 per
 22 space or \$300,000 per mortgage for trailer courts or parks";
 23 and

24 ~~(5)~~ In the last sentence of subsection ~~(c)~~, after the

1 word "project", insert "may include eight or more family
2 units and".

3 ~~(d)~~ (b) Said Act, as amended, is hereby amended—

4 (1) by striking clause 1 of section 207 (c) and
5 inserting:

6 "~~(1)~~ not to exceed \$12,500,000 with respect to
7 any one mortgage instrument and such that the aggregate
8 amount of any commitment or commitments issued
9 and outstanding under this section at any time with
10 respect to a project or projects in the same housing
11 market area and involving the same mortgagor (or
12 mortgagors under substantially the same control, as determined by the Commissioner) shall not exceed
13 \$12,500,000; or, if the mortgage is executed by a
14 mortgagor coming within the provisions of clause (b)
15 (1) of this section, such dollar limit with respect to
16 any one mortgage instrument and with respect to the
17 aggregate amount of such commitments shall be
18 \$50,000,000;"

20 ~~(2)~~ by striking clause 1 of section 213 (b) and
21 inserting:

22 "~~(1)~~ not to exceed \$12,500,000 with respect to
23 any one mortgage instrument and such that the aggregate
24 amount of any commitment or commitments issued
25 and outstanding under this section at any time with re-

1 spect to a project or projects in the same housing market
2 area and involving the same mortgagor (or mortgagors
3 under substantially the same control, as determined by
4 the Commissioner) shall not exceed \$12,500,000, or,
5 if the mortgage is executed by a mortgagor regulated
6 or supervised under Federal or State laws or by political
7 subdivisions of States or agencies thereof, as to rents,
8 charges, and methods of operation, such dollar limit
9 with respect to any one mortgage instrument and with
10 respect to the aggregate amount of such commitments
11 shall be \$25,000,000; and”;

12 ~~(3)~~ by striking clause ~~(i)~~ of section 220 ~~(d)~~ ~~(3)~~
13 ~~(B)~~ and inserting:

14 “~~(i)~~ not to exceed \$50,000,000 with respect to
15 any one mortgage instrument and such that the aggregate
16 amount of any commitment or commitments issued
17 and outstanding under this section at any time with
18 respect to a project or projects in the same housing
19 market area and involving the same mortgagor (or
20 mortgagors under substantially the same control, as determined by the Commissioner) shall not exceed
21 \$50,000,000; and”;

22 and
23 (4) by striking “\$5,000,000” in sections 213 (c)
24 and 221 (d) ~~(3)~~ and inserting: “\$12,500,000 with
25 respect to any one mortgage instrument and such that

1 the aggregate amount of any commitment or commit-
2 ments issued and outstanding under this section at any
3 time with respect to a project or projects in the same
4 housing market area and involving the same mortgagor
5 (or mortgagors under substantially the same control,
6 as determined by the Commissioner) shall not exceed
7 ~~\$12,500,000~~."

8 " (1) not to exceed \$12,500,000, or, if the mortgage
9 is executed by a mortgagor coming within the provisions
10 of clause (b) (1) of this section, such dollar limit with
11 respect to any one mortgage instrument and with respect
12 to the aggregate amount of such commitments shall be
13 \$50,000,000;";

14 (2) by striking clause 1 of section 213 (b) and
15 inserting:

16 " (1) not to exceed \$12,500,000, or, if the mortgage
17 is executed by a mortgagor regulated or supervised under
18 Federal or State laws or by political subdivisions of
19 States or agencies thereof, as to rents, charges, and
20 methods of operation, such dollar limit with respect to
21 any one mortgage instrument and with respect to the
22 aggregate amount of such commitments shall be \$25,000,-
23 000; and";

24 (3) by striking clause (i) of section 220 (d) (3)
25 (B) and inserting:

1 “(i) not to exceed \$12,500,000, or, if executed by a
2 mortgagor coming within the provisions of paragraph
3 (2) (B) of this subsection (d), not to exceed \$50,000,-
4 000; and”; and

5 (4) by striking “\$5,000,000” in sections 213 (c)
6 and 221 (d) (3) and inserting: “\$12,500,000”.

7 ~~(e)~~ (c) Section 213 (b) (2) of said Act, as amended,
8 is amended by striking out “the estimated value” both times
9 it appears and inserting in lieu thereof “the amount which
10 the Commissioner estimates will be the replacement cost”.

11 (d) Section 213 (b) (2) of said Act, as amended, is
12 further amended by striking out “65 per centum” and insert-
13 ing in lieu thereof “50 per centum”.

14 ~~(f)~~ (e) Section 213 of said Act, as amended, is hereby
15 amended by adding, in the last sentence of subsection (d),
16 after the words “subsection (a) of this section”, the words
17 “may include eight or more family units and”.

18 ~~(g)~~ (f) Section 217 of said Act, as amended, is hereby
19 amended by striking “July 1, 1954” and inserting “July
20 1, 1955”, and by striking “\$3,500,000,000” and inserting
21 “\$4,000,000,000”.

22 ~~(h)~~ (g) Section 220 (d) (3) of such Act, as amended,
23 is amended as follows:

24 (1) In subparagraph (A) by striking out “the ap-
25 praised value” and inserting in lieu thereof “the amount

1 which the Commissioner estimates will be the replacement
 2 cost, and by striking out "such value" and inserting in lieu
 3 thereof "such cost"; and

4 (2) In subparagraph (B) (ii) by striking out "the es-
 5 timated value" and inserting in lieu thereof "the amount
 6 which the Commissioner estimates will be the replacement
 7 cost, and by striking out "value" and inserting in lieu thereof
 8 "replacement cost".

9 ~~(i)~~ (h) In the performance of, and with respect to, the
 10 functions, powers, and duties vested in him by ~~this section~~
 11 *section 213 of the National Housing Act, as amended*,
 12 the Commissioner, notwithstanding the provisions of any
 13 other law, shall appoint a Special Assistant for Cooperative
 14 Housing, and provide the Special Assistant with adequate
 15 staff, whose sole responsibility will be to expedite operations
 16 under ~~this such~~ section and to eliminate obstacles to the full
 17 utilization of this section under the direction and supervision
 18 of the Commissioner. The person so appointed shall be
 19 fully sympathetic with the purposes of ~~this such~~ section.

20 ~~(j)~~ (i) Clause (a) of the second sentence of section 227
 21 of said Act, as amended, is hereby amended by striking
 22 "under section 221" and inserting "under section 221 if the
 23 mortgage meets the requirements of paragraph (3) of sub-
 24 section (d) thereof".

25 (j) *Clause (iii) of section 227 (a) of said Act is amended*

1 to read as follows: “(iii) under section 220 if the mortgage
 2 meets the requirements of paragraph (3) (A) of subsection
 3 (d) thereof and covers a dwelling designed principally for
 4 residential use for more than four families, or if the mortgage
 5 meets the requirements of paragraph (3) (B) of subsection
 6 (d) thereof,”.

7 (k) Section 221 (a) of said Act, as amended, is
 8 amended as follows:

9 (1) By inserting after the words “in order to assist in
 10 relocating families” the following: “from urban renewal
 11 areas and in relocating families”;

12 (2) By striking out the words “to be so displaced” in
 13 the first proviso of the second sentence;

14 (3) By striking out the words “to be so displaced and”
 15 and inserting “referred to above” in the second proviso of the
 16 second sentence.

17 (l) Section 223 (a) of said Act, as amended, is
 18 amended by striking out “section 203 or section 207” each
 19 time it appears and inserting in lieu thereof “section 203,
 20 207, or 213”.

21 FEDERAL NATIONAL MORTGAGE ASSOCIATION

22 ~~SEC. 103. (a) Section 303 (b) of said Act, as amended,~~
 23 ~~is amended by striking out “3 per centum” and inserting in~~
 24 ~~lieu thereof “2 per centum”.~~

1 ~~(b)~~ Section 304 ~~(a)~~ of said Act, as amended, is
2 amended by inserting before the period at the end of the
3 second sentence the words “on a uniform national basis”.

4 SEC. 103. (a) *The second sentence of section 304 (a)*
5 *of said Act, as amended, is amended by striking out the*
6 *words “at the market price for the particular class of mort-*
7 *gages involved, as determined by the Association” and in-*
8 *serting in lieu thereof “at a reasonable price level, as deter-*
9 *mined by the Association, taking into consideration the market*
10 *for mortgages of the same general class, and current yields*
11 *on, and reasonably foreseeable price trends of, long-term*
12 *Government bonds and other forms of long-term investment”.*

13 ~~(e)~~ (b) Section 305 of said Act, as amended, is
14 amended by adding at the end thereof the following:

15 “(e) Notwithstanding any other provision of this Act,
16 the Association is authorized to enter into advance commit-
17 ment contracts which do not exceed \$50,000,000 outstand-
18 ing at any one time, if such commitments relate to mortgages
19 with respect to which the Federal Housing Commissioner
20 shall have issued pursuant to section 213 either a commit-
21 ment to insure or a statement of eligibility; but not more
22 than \$5,000,000 of such authorization shall be available for
23 such commitments in any one State.”

CERTIFICATES OF CLAIM

1

2 SEC. 104. Section 604 (f) of said Act, as amended, is
3 hereby amended by adding the following paragraph at the
4 end thereof:

5 “Notwithstanding any other provisions of this section,
6 the Commissioner is authorized, with the consent of the
7 mortgagee or mortgager, as the case may be, to effect the
8 settlement of certificates of claim and refunds at any time
9 after the sale or transfer of title to the property conveyed to
10 the Commissioner under this section and without awaiting
11 the final liquidation of such property for the purpose of de-
12 termining the net amount to be realized therefrom.”

EXTENSION OF TITLE IX OF THE NATIONAL HOUSING ACT

14 SEC. 105 104. The second sentence of section 104 of the
15 Defense Housing and Community Facilities and Services Act
16 of 1951, as amended, is hereby amended as follows:

17 (1) By striking out the figures “1955” both times they
18 appear therein and inserting in lieu thereof “1956”;

19 (2) In clause (a) thereof by striking out the words
20 “designate hereunder” and inserting in lieu thereof “desig-
21 nate hereunder or (iii) pursuant to a commitment to insure
22 issued pursuant to the preceding clause (ii)”; and

23 (3) In clause (b) thereof by striking out the words

1 “designate hereunder” and inserting in lieu thereof “designate hereunder or thereafter pursuant to a commitment to
2 extend assistance for such community facilities or services
3 or to construct such temporary housing or community facilities, issued before the close of July 1, 1956”.

6 SLUM CLEARANCE AND URBAN RENEWAL

7 SEC. ~~106~~ 105. (a) Section 103 (b) of the Housing Act
8 of 1949, as amended, is hereby amended by striking “\$100,-
9 000,000, which limit shall be increased by further amounts
10 of \$100,000,000 on July 1 in each of the years 1950, 1951,
11 1952, and 1953, respectively: *Provided*, That (subject to
12 the total authorization of not to exceed \$500,000,000)”
13 and inserting “\$500,000,000, which limit shall be increased
14 by further amounts of ~~\$212,500,000~~ \$200,000,000 on July
15 1 in each of the years 1955 and 1956, respectively: *Pro-*
16 *vided*, That”.

17 (b) Section 106 (e) of said Act, as amended, is
18 hereby amended by striking “\$35,000,000” and inserting
19 “\$70,000,000”.

20 (c) Section 110 (c) of said Act, as amended, is hereby
21 amended by inserting between the first and second sentences
22 thereof the following sentence: “Where land within the pur-
23 view of subparagraph (1) (ii) or (1) (iii) hereof (whether
24 it be predominantly residential or nonresidential in char-
25 acter) is to be redeveloped for predominantly nonresidential

1 uses, financial assistance under this title (including the mak-
 2 ing of capital grants) loans and advances under this title may
 3 be extended therefor if the governing body of the local public
 4 agency determines that such redevelopment for predom-
 5 antly nonresidential uses is necessary and appropriate to
 6 facilitate the proper growth and development of the com-
 7 munity in accordance with sound planning standards and
 8 local community objectives and to afford maximum oppor-
 9 tunity for the redevelopment of the project area by private
 10 enterprise: *Provided, That standard housing is made avail-*
 11 *able to the families displaced by such projects and that such*
 12 *families shall be otherwise assisted as necessary in connection*
 13 *with their relocation: And provided further, That not more*
 14 *than 5 per centum of the funds allocated to the municipality*
 15 *under authorization of this title shall be expended under*
 16 *this sentence. That loans and outstanding advances to any*
 17 *local public agency pursuant to the authorization of this*
 18 *sentence shall not exceed 2½ per centum of the estimated gross*
 19 *project costs of the projects undertaken under other contracts*
 20 *with such local public agency pursuant to this title."*

21 SEC. 107 106. The Territorial Enabling Act of 1950 (64
 22 Stat. 344) is hereby amended—

23 (1) by inserting "urban renewal," after "urban
 24 redevelopment," in the title;

1 (2) by inserting “, AND URBAN RENEWAL”
2 after “REDEVELOPMENT” in the heading of title I;

3 (3) by inserting “and urban renewal projects” after
4 the term “urban redevelopment projects” in each place
5 where that term appears in title I;

6 (4) by inserting “URBAN RENEWAL,” after
7 “REDEVELOPMENT,” in the heading of title III;

8 (5) by inserting “urban renewal,” after “urban
9 redevelopment,” in sections 301 and 303;

10 (6) by inserting “or urban renewal” after “urban
11 redevelopment” in section 304;

(7) by inserting “as amended,” after “ (Public Law
171, Eighty-first Congress) ,” in sections 101, 301, and
304;

15 (8) by inserting “as amended,” after “Housing Act
16 of 1949,” in the clause numbered “(1)” in section 304;
17 and

(9) by inserting “, as amended,” after “this Act”
in sections 101, 301, and 304.

20 PUBLIC HOUSING

SEC. ~~108~~ 107. (a) Section 101 (c) of title I of the
Housing Act of 1949, as amended, is amended by striking
out “or for annual contributions or capital grants pursuant to
the United States Housing Act of 1937, as amended, for any
project or projects not constructed or covered by a contract

1 for annual contributions prior to the effective date of the
2 Housing Act of 1954,".

3 (b) There are hereby repealed—

4 (1) *the third proviso and clause (2) of the eighth*
5 *proviso appearing in that part of the First Independent*
6 *Offices Appropriation Act, 1954, which is captioned*
7 *“Annual contributions:” under the heading “PUBLIC*
8 *HOUSING ADMINISTRATION”;*

9 (2) *clause (2) of the third proviso, and the fourth*
10 *proviso, appearing in that part of the Independent Offices*
11 *Appropriation Act, 1953, which is captioned “Annual*
12 *contributions:” under the heading “PUBLIC HOUSING*
13 *~~ADMINISTRATION~~. ADMINISTRATION”;*

14 (3) *the fourth proviso appearing in that part of*
15 *the Independent Offices Appropriation Act, 1952, which*
16 *is captioned “Annual contributions:” under the head-*
17 *ing “PUBLIC HOUSING ADMINISTRATION”;*

18 (4) *the sixth and seventh provisos appearing in that*
19 *part of the First Independent Offices Appropriation*
20 *Act, 1954, which is captioned “Annual contributions:”*
21 *under the heading “PUBLIC HOUSING ADMINISTRA-*
22 *TION”, and the fifth and sixth provisos under the same*
23 *caption in the Independent Offices Appropriation Act,*
24 *1953; and*

1 (5) as of its effective date subsection 10 (j) of the
2 *United States Housing Act of 1937, as amended.*

3 (c) Subsection (i) of section 10 of the United States
4 Housing Act of 1937, as amended, is hereby amended to
5 read as follows:

6 “(i) Notwithstanding any other provisions of law, the
7 Authority shall not enter into any new contracts for loans
8 or annual contributions for more than one hundred and
9 thirty-five thousand additional dwelling units during any
10 fiscal year: *Provided*, That in respect to the fiscal year 1956
11 such number shall be increased by the difference between
12 thirty-five thousand and the number of units for which new
13 annual contribution contracts for additional units were
14 entered into during the fiscal year 1955: *Provided further*,
15 That (subject to the authorization of not to exceed eight
16 hundred and ten thousand dwelling units) the number of
17 additional dwelling units which may be commenced under
18 this subsection during any fiscal year may be increased at any
19 time or times by additional amounts aggregating not more
20 than sixty-five thousand dwelling units, or may be decreased
21 at any time or times by amounts aggregating not more than
22 eighty-five thousand dwelling units, upon a determination by
23 the President, after receiving advice from the Council of
24 Economic Advisers as to the general effect of such increase or

1 decrease upon conditions in the building industry and upon
2 the national economy, that such action is in the public interest.

3 “(i) Notwithstanding any other provisions of law (ex-
4 cept as hereinafter provided in this section) the Authority
5 shall not enter into any new contracts for loans and annual
6 contributions for more than thirty-five thousand additional
7 dwelling units during each of the fiscal years 1956 and 1957,
8 and may enter into only such new contracts for preliminary
9 loans in respect thereto as are consistent with the number
10 of dwelling units for which contracts for annual contribu-
11 tions may be entered into: Provided, That in respect to the
12 fiscal year 1956 such number shall be increased by the dif-
13 ference between thirty-five thousand and the number of units
14 for which new annual contributions contracts for additional
15 units were entered into during the fiscal year 1955: Provided
16 further, That any balances of this authorization not utilized
17 in such years shall be available until June 30, 1958: And
18 provided further, That no new contracts for loans and
19 annual contributions for additional dwelling units in excess
20 of the number authorized in this sentence shall be entered
21 into unless authorized by the Congress.”

22 (d) Subsection (d) of section 21 of the United States
23 Housing Act of 1937, as amended, is hereby amended by

1 striking out the figure "10" in both places it appears and
2 inserting in lieu thereof the figure "15", *and by striking out*
3 *"of \$336,000,000"*.

4 ~~(e)~~ Section 607 ~~(b)~~ of the Act entitled "~~An Act to~~
5 expedite the provision of housing in connection with national
6 defense, and for other purposes", approved October 14, 1940,
7 as amended, is amended by inserting after the first sentence
8 of the last paragraph of that subsection the following sen-
9 tence: "In the disposition of any lands under this section
10 which were acquired by the United States, the Administrator
11 may, notwithstanding the order of preference provided in
12 this section, grant a first preference to the former owners
13 of such lands in the purchase thereof for such period and
14 under such conditions as he may determine to be appropriate
15 and in the public interest."

16 ~~(f)~~ Section 607 ~~(f)~~ of the Act entitled "~~An Act to~~
17 expedite the provision of housing in connection with national
18 defense, and for other purposes", approved October 14,
19 1940, as amended, is amended by inserting before the period
20 at the end thereof a colon and the following: "*Provided,*
21 *That, in the case of Project Indiana—12021 (Southmore*
22 *Heights), the terms of sale to any preference purchaser shall*
23 *not require a down payment"*.

24 ~~(g)~~ Notwithstanding the provisions of any other law,
25 the Housing and Home Finance Administrator is authorized

1 to sell and convey all right, title, and interest of the United
2 States (including any off-site easements) at fair market
3 value as determined by him, in and to war housing project
4 CONN-6028, known as Welles Village, containing one
5 hundred and ninety-nine dwelling units on approximately
6 thirty-four and one-half acres of land in Glastonbury, Con-
7 necticut, to the Housing Authority of the town of Glaston-
8 bury, Connecticut, subject to the approval of the legislative
9 body of the town of Glastonbury, for use in providing
10 moderate rental housing.—Any sale pursuant to this section
11 shall be on such terms and conditions as the Administrator
12 shall determine: *Provided*, That full payment to the United
13 States shall be required within a period of not to exceed
14 thirty years with interest on the unpaid balance at not to
15 exceed 5 per centum per annum: *Provided further*, That
16 the provisions of this subsection shall be effective only during
17 the period ending 12 months after the date of approval of
18 this Act.

19 ~~(h)~~ (e) The Act entitled “An Act to expedite the provi-
20 sion of housing in connection with national defense, and for
21 other purposes”, approved October 14, 1940, as amended,
22 is hereby amended by amending the last paragraph of sec-
23 tion 605 (a) to read as follows:

24 “In any city in which, on March 1, 1953, there were
25 more than ten thousand temporary housing units held by

1 the United States of America, or any two contiguous cities
2 in one of which there were on such date more than ten
3 thousand temporary housing units so held, the Administrator
4 may acquire, by purchase or condemnation, a fee simple title
5 to any or all lands in which the Administrator holds a lease-
6 hold interest, or other interest less than a fee simple, ac-
7 quired by the Federal Government for national defense or
8 war housing or for veteran's housing where (1) the Admin-
9 istrator finds that the acquisition by him of a fee simple
10 title in the land will tend to expedite the orderly disposal
11 or removal of temporary housing under his jurisdiction by
12 facilitating the availability of improved sites for privately
13 owned housing needed to replace such temporary housing,
14 and will tend to expedite the transition of the city from a
15 war-affected community containing, as of said date, a large
16 number of temporary houses to a community having addi-
17 tional permanent, well-planned, residential neighborhoods,
18 (2) the local governing body of the city makes a like finding
19 and requests the Administrator to acquire such title to the
20 land, and (3) the city has furnished assurances satisfactory
21 to the Administrator that no individual who is employed by,
22 or is an official of, the government of the city in which the
23 land is located, or any agency thereof, shall be permitted,
24 directly or indirectly, to have any financial interest in the
25 purchase or redevelopment of such land: *Provided, That*

1 such acquisitions by the Administrator pursuant to this
2 sentence shall be limited to not exceeding four hundred
3 and twenty-five acres of land in the general area in which
4 approximately one thousand five hundred units of temporary
5 housing held by the United States of America were un-
6 occupied on said date: *And provided further*, That funds
7 for such acquisition by the Administrator, which are author-
8 ized, pursuant to subsection (c) of this section and title
9 II of the Independent Offices Appropriation Act, 1955, to
10 be expended from the revolving fund established by that
11 title under the heading "Housing and Home Finance Agency
12 Office of the Administrator, revolving fund", shall be taken
13 into consideration, to the extent that they are needed, in
14 making any determination pursuant to the second proviso
15 under that heading. All or any part of any land so acquired
16 by the Administrator may, during the five year period
17 following the date of its acquisition, be sold by the Admin-
18 istrator, through negotiated sale, to such city or any local
19 public agency where (1) the city or local public agency
20 has represented to the Administrator that it is duly author-
21 ized under State law to purchase and resell such land, that
22 such land will be made available to private enterprise for
23 development in accordance with local zoning and other laws,
24 and that the aggregate of such land and any other land
25 in the same city previously sold under the authority of

1 this paragraph to the city or a local public agency will be
2 developed for predominantly residential use, and (2) the
3 city or local public agency has agreed to pay the fair market
4 value of the land as determined by the Administrator, after
5 giving consideration, among other relevant information, to
6 the cost to the Federal Government of acquiring the fee
7 simple title and of holding the land pending sale (including
8 estimated amounts to cover legal and overhead expenses
9 of such acquisition and to cover interest costs to the Federal
10 Government of monies invested in the land pending sale).
11 Any such negotiated sale of land to the city or a local
12 public agency shall be made upon terms which require (1)
13 that the city or public agency shall pay in cash at least one
14 third of the price of the land upon its conveyance and the
15 entire price within one year after its conveyance and (2)
16 that any portion of the entire price not paid upon such
17 conveyance shall be represented by an indebtedness which
18 shall bear interest on outstanding balances at a rate of 4
19 per centum per annum and which shall be secured by a
20 first mortgage lien upon the land or such portion of the land
21 as the Administrator deems adequate to protect the financial
22 interest of the Federal Government. The Administrator
23 may, at any time that he deems it to be in the public interest
24 to do so, dispose, under authority of other provisions of this
25 Act, of any land acquired by him pursuant to this paragraph.

1 Any land acquired by the Administrator pursuant to this
 2 paragraph which has not been disposed of within five years
 3 after its acquisition shall be disposed of by him as expe-
 4 ditiously as possible in the public interest in accordance with
 5 other authority contained in this Act. *Notwithstanding the*
 6 *provisions of section 306 of this Act or any other provisions*
 7 *of law, no payments in lieu of taxes shall be made for any*
 8 *tax year beginning subsequent to the date of the acquisition*
 9 *of title to the property by the Administrator."*

10 SEC. 109. (a) Section 2 of the United States Housing
 11 Act of 1937, as amended, is amended by adding the follow-
 12 ing at the end of subsection (2) thereof: "The term 'fam-
 13 ilies' means families consisting of two or more persons or
 14 consisting of a single person sixty-five years of age or over
 15 or the residuum of a tenant family. The term 'elderly
 16 families' means families the head of which or his spouse is
 17 sixty-five years of age or over."

18 (b) Section 10 (g) of said Act is amended by striking
 19 out "Second," and inserting in lieu thereof "Third," and
 20 by adding immediately following the paragraph which con-
 21 cludes with the words "veterans and servicemen;" the fol-
 22 lowing new paragraph:

23 "Second, to elderly families, and as among such families
 24 first preference shall be given to families of disabled vet-
 25 erans whose disability has been determined by the Veterans'

1 Administration to be service-connected, and second prefer-
 2 ence shall be given to families of deceased veterans and
 3 servicemen whose death has been determined by the Vet-
 4 erans' Administration to be service-connected, and third
 5 preference shall be given to families of other veterans and
 6 servicemen: *Provided*, That in respect to dwelling units
 7 owned or operated by any public housing agency as low-
 8 rent housing within the meaning of this Act, such prefer-
 9 ence for elderly families shall be extended in any year to
 10 not more than 10 per centum of the estimated number of
 11 all families to be admitted to such dwelling units in such
 12 year."

13 (c) Section 15 (8) of said Act is amended by inserting
 14 before the semicolon at the end of paragraph (b) a colon
 15 and the following: "*Provided further*, That the Public Hous-
 16 ing Commissioner may, under regulations prescribed by him,
 17 waive the requirements of clause (ii) in the case of elderly
 18 families".

19 (d) Said Act is amended by changing "SEC. 30" to
 20 "SEC. 31" and "SEC. 31" to "SEC. 32" and by inserting the
 21 following new section 30:

22 "SEC. 30. (a) For the purpose of increasing the supply
 23 of decent, safe, and sanitary housing for elderly families,
 24 available at rents which they can afford to pay, the Public
 25 Housing Commissioner may—

1 “~~(1)~~ make loans to public housing agencies to assist
2 the development, acquisition, or administration of low-
3 rent housing reserved in whole or in part for occupancy
4 by such families; and

5 “~~(2)~~ make annual contributions to public housing
6 agencies to assist in achieving and maintaining the low-
7 rent character of housing which is reserved in whole or
8 in part for occupancy by such families.

9 “~~(b)~~ The provisions of this Act relating to low-rent
10 housing generally shall apply with respect to low-rent hous-
11 ing reserved in whole or in part for elderly families, assisted
12 under subsection ~~(a)~~ of this section, except that with respect
13 to projects containing such housing—

14 “~~(1)~~ the Public Housing Commissioner is author-
15 ized, with the approval of the President, to enter into
16 contracts for annual contributions including not more
17 than \$3,000,000 per annum in respect to such housing
18 ~~(which shall be in addition to the annual contributions~~
19 authorized by section 10 ~~(e)~~ of this Act or by any
20 other provision of law) in the fiscal year 1956 and in
21 each of the four succeeding fiscal years;

22 “~~(2)~~ the Public Housing Commissioner may au-
23 thorize the commencement of construction of not to
24 exceed ten thousand such dwelling units ~~(which shall be~~

1 in addition to the number of dwelling units authorized
2 by section 10 (e) of this Act or by any other provision
3 of law) in the fiscal year 1956 and in each of the four
4 succeeding fiscal years;

5 “(3) section 10 (g) of this Act (relating to vet-
6 erans’ preferences) shall not be applicable;

7 “(4) preference for admission to dwelling units in
8 such housing shall be given to elderly families of low
9 income (as determined under regulations prescribed by
10 the Public Housing Commissioner).

11 “(c) Low-rent housing assisted under subsection (a) of
12 this section shall, notwithstanding the provisions of the first
13 sentence of subsection 15 (5) of this Act, be designed
14 specifically for occupancy by elderly families and shall be
15 conveniently located, so as to provide to the maximum extent
16 practicable for their comfort and welfare.

17 “(d) Whenever the Public Housing Commissioner de-
18 termines that there is an acute shortage of adequate housing
19 for elderly families of low income in an area in which there
20 are located dwelling units owned or operated by any public
21 housing agency as low-rent housing within the meaning of
22 this Act, he may, under regulations prescribed by him,
23 authorize public housing agencies, notwithstanding the pro-
24 visions of the first sentence of subsection 15 (5) of this Act,
25 to reconstruct or remodel such housing (or any part thereof)

1 to provide dwelling units reserved in whole or in part for
 2 occupancy by such families; and such housing (or part
 3 thereof) shall thereafter be deemed, for purposes of sub-
 4 section (b) of this section, to be low-rent housing assisted
 5 under subsection (a) of this section.

6 “(e) The Public Housing Commissioner is authorized
 7 to include such provisions in contracts made pursuant to
 8 section 10 of this Act after the date of the enactment of this
 9 section, and to negotiate with the public housing agencies
 10 involved such modifications of previously existing contracts
 11 made under section 10 of this Act, as may be necessary (1)
 12 to permit elderly families of low income (as determined under
 13 regulations prescribed by the Public Housing Commissioner)
 14 to be admitted to any low-rent housing assisted under such
 15 section 10 and (2) to provide, for families so admitted,
 16 conditions for continued occupancy similar to those applicable
 17 with respect to other tenants.”

18 *SEC. 108. (a) Section 2 of the United States Housing*
 19 *Act of 1937, as amended, is amended by adding the following*
 20 *at the end of subsection (2) thereof: “The term ‘elderly*
 21 *families’ means families consisting of a single person sixty-*
 22 *five years of age or over, or families the head of which or his*
 23 *spouse is sixty-five years of age or over.”*

24 *(b) The United States Housing Act of 1937, as*

1 amended, is amended by adding the following new subsection
2 at the end of section 10:

3 “(m) For the purpose of increasing the supply of de-
4 cent, safe and sanitary housing for elderly families avail-
5 able at rents they can afford to pay, the Authority may, with
6 the approval of the President, after July 1, 1955, without
7 regard to the provisions of any other law, enter into con-
8 tracts for annual contributions which include not to exceed ten
9 thousand dwelling units (either as separate projects or as
10 parts of projects) designed for elderly families, which amount
11 shall be increased by ten thousand dwelling units on July 1,
12 1956. Such dwelling units shall be in addition to the dwell-
13 ing units for which annual contributions contracts are au-
14 thorized by any other provision of law. The total author-
15 ization for annual contributions shall be increased by \$3,000,-
16 000 per annum on July 1, 1955, and by the same amount on
17 July 1, 1956. The provisions of the first sentence of sub-
18 section 15 (5) shall not be applicable to such dwelling units.
19 Notwithstanding the provisions of subsection 10 (g), annual
20 contributions contracts covering such dwelling units shall re-
21 quire that in the selection of tenants for such units the public
22 housing agency shall extend a prior preference to elderly fami-
23 lies, and that as among such families the ‘First’ preferences in
24 subsection 10 (g) shall apply. Notwithstanding the provi-
25 sions of subsection 10 (g), the Authority may permit any

1 public housing agency, in respect to any other dwelling units
 2 to extend a prior preference to elderly families: *Provided, That*
 3 such preference shall not be extended during any portion of a
 4 year when the number of elderly families already admitted in
 5 such year to all dwellings owned or operated by the public
 6 housing agency as low-rent housing within the meaning of
 7 this Act equals 10 per centum of the estimated number of all
 8 admissions in such year to all such dwellings: *And provided*
 9 further, *That as among such families, the 'First' preferences*
 10 *in subsection 10 (g) shall apply. The Authority may au-*
 11 *thorize public housing agencies to reconstruct or remodel any*
 12 *low-rent housing to provide accommodations designed for eld-*
 13 *erly families.'*"

14 HOME LOAN BANK BOARD

15 SEC. ~~110~~ 109. The Federal Home Loan Bank Act, as
 16 amended, is hereby amended—

17 ~~(1)~~ by striking section 6 ~~(e)~~ and inserting:

18 ~~"(e)~~ The original stock subscription for each institu-
 19 tion eligible to become a member under section 4 shall be
 20 an amount equal to 1 per centum of the aggregate of the
 21 unpaid principal of the subscriber's home mortgage loans, or
 22 such higher per centum not exceeding 2 per centum as the
 23 board shall by regulation prescribe, but not less than \$500:
 24 *Provided, That nothing herein shall permit a member to*
 25 *reduce the amount of stock held by it to below 2 per centum*

1 of the aggregate of the unpaid principal of its home mortgage
2 loans as of the effective date of the Housing Amendments of
3 1955, but no such member shall be required to subscribe for
4 additional stock until such time as the amount of stock held
5 by it does not equal that required by such regulation. The
6 board shall from time to time adjust the amount of stock held
7 by each member so that, as nearly as possible, such member
8 shall at all times have invested in the stock of the Federal
9 Home Loan Bank at least an amount calculated in the man-
10 ner provided in the preceding sentence (but not less than
11 \$500). If the board finds that the investment of any mem-
12 ber in stock is greater than that required under this section
13 or under regulation of the board, upon application of such
14 member, the bank shall pay such member for each share of
15 stock in excess of the amount so required an amount equal to
16 the par value of such stock; or, at the election of the bank,
17 the whole or any part of the payments which would be so
18 made shall be credited upon any indebtedness of the member
19 to the bank. In either such event, stock equal in par value
20 to the amount of the payment or credit, or both, as the case
21 may be, shall be surrendered and canceled. No share of
22 stock shall be surrendered and canceled if the effect of such
23 surrender and cancellation would be to violate the provi-
24 sions of section 10 (c) requiring the amount of stock held

1 by such member to equal at least one-twelfth of the outstand-
 2 ing advances to such member.”;

3 ~~(2)~~ (1) by striking the first sentence of section 6
 4 (i) and inserting: “Any member other than a Federal
 5 savings and loan association may withdraw from mem-
 6 bership in a Federal Home Loan Bank six months after
 7 filing with the board written notice of intention so to do,
 8 and the board may, after hearing, remove any member
 9 from membership, or deprive any nonmember borrower
 10 of the privilege of obtaining further advances, if, in the
 11 opinion of the board, such member or nonmember
 12 borrower (i) has failed to comply with any provision
 13 of this Act or regulation of the board made pursuant
 14 thereto; (ii) is insolvent: *Provided*, That any member
 15 of a bank which is a building and loan association,
 16 savings and loan association, cooperative bank, or
 17 homestead association shall be deemed insolvent if the
 18 assets of such member are less than its obligations to
 19 its creditors and others, including the holders of its
 20 withdrawable accounts; or (iii) has a management or
 21 home-financing policy of a character inconsistent with
 22 sound and economical home financing or with the pur-
 23 poses of this Act.”;

24 ~~(3)~~ by repealing section 6 ~~(1)~~;

25 ~~(4)~~ (2) by striking the period at the end of section

1 7 (a) and inserting a colon and the following: “*Pro-*
 2 *vided*, That the board may by regulation increase the
 3 number of elective directors of any Federal Home Loan
 4 Bank having a district which includes five or more
 5 States to a number not exceeding twice the number of
 6 States comprising such district, but such additional elec-
 7 tive directors shall be apportioned as nearly as may be
 8 practicable in the same manner and order as is provided
 9 for the apportionment of elective directors under sub-
 10 sections (c) and (d) hereof: *Provided further, That*
 11 *there shall be not less than one elective director from any*
 12 *of the States nor more than three elective directors from*
 13 *any of the States in any district referred to in the pre-*
 14 *ceding proviso and in no event shall the total number*
 15 *of elective directors in any one district exceed eleven.*
 16 The term ‘States’ as used in the preceding proviso shall
 17 mean the States of the Union and the District of
 18 Columbia.”;

19 ~~(5)~~ (3) by inserting “(a)” after the section number
 20 in section 17 and adding at the end thereof a new sub-
 21 section (b) as follows:

22 “(b) The Home Loan Bank Board which was, pur-
 23 suant to Reorganization Plan Numbered 3 of 1947, estab-
 24 lished and made a constituent agency of the Housing and
 25 Home Finance Agency shall, from the effective date of the

1 Housing Amendments of 1955, cease to be such a constitu-
2 ent agency and shall be an independent agency (including
3 the Federal Savings and Loan Insurance Corporation) in
4 the executive branch of the Government: *Provided*, That the
5 functions vested in the Chairman of said board under clause
6 (2) of the last sentence of subsection (b) of section 2 of
7 said reorganization plan are hereby transferred to said board.
8 Notwithstanding any other provision of law, said board, the
9 Chairman thereof except as herein otherwise provided, and
10 the Federal Savings and Loan Insurance Corporation, re-
11 spectively, shall have and may exercise all functions which
12 they respectively had or could exercise, immediately prior
13 to the effective date of the Housing Amendments of 1955
14 or immediately prior to the effective date of the Independ-
15 ent Offices Appropriation Act, 1955. Said board shall
16 annually make a report of its operations (including those
17 of the Federal Savings and Loan Insurance Corporation)
18 to the Congress as soon as practicable after the first day
19 of January in each year. The name of the Home Loan
20 Bank Board is hereby changed to 'Federal Home Loan Bank
21 Board'."

22 SEC. ~~111~~ 110. The Home Owners' Loan Act of 1933.
23 as amended, is hereby amended by striking the proviso at
24 the end of the second paragraph of section 5 (c) and insert-

1 ing: "*Provided*, That no such loan, unless so insured or
2 guaranteed, shall be made in excess of \$2,500 \$3,000."

3 SEC. 112. ~~(a)~~ Subsection ~~(h)~~ of section 402 of the
4 National Housing Act, as amended, is hereby amended to
5 read as follows:

6 "~~(h)~~ The Federal Savings and Loan Insurance Corpo-
7 ration shall, on or before sixty days after the effective date
8 of the Housing Amendments of 1955, retire at par all out-
9 standing stock held by the Secretary of the Treasury and
10 shall pay to the Secretary of the Treasury a return on
11 the average amount, at par, of capital stock outstanding
12 during the fiscal years 1955 and 1956 at a rate determined
13 by the Secretary of the Treasury, taking into consideration
14 the current average rate on outstanding marketable obli-
15 gations of the United States as of the last day of the sixth
16 month of the fiscal year 1955: An amount of funds of the
17 Corporation equal to the proceeds of the debentures issued
18 under subsection ~~(b)~~ of section 402 of this Act shall be
19 available, to the extent necessary, for the retirement of
20 such stock. The retirement of such stock shall not affect
21 the applicability to said Corporation of the Government
22 Corporation Control Act, as amended."

23 ~~(b)~~ Subsection ~~(b)~~ of section 402 of the National
24 Housing Act, as amended, is hereby amended to read as
25 follows:

1 “(b) (1) Promptly after the effective date of the Hous-
2 ing Amendments of 1955, the Corporation shall issue to the
3 Federal Home Loan Banks, and said banks shall purchase
4 at par, debentures of the Corporation in a face amount equal
5 to the par value of the capital stock of the Corporation out-
6 standing on the effective date of the Housing Amendments
7 of 1955 plus the amount of any adjustments under the last
8 sentence of this paragraph. Such debentures shall be in such
9 form and denominations and shall have such other character-
10 istics as shall be determined by the Corporation, but shall
11 be subject to retirement only as provided in paragraph (2)
12 of this subsection. The debentures aforesaid shall be pur-
13 chased by the respective Federal Home Loan Banks in
14 proportion to the capital stock of the respective Federal
15 Home Loan Banks outstanding on the effective date of the
16 Housing Amendments of 1955. The Corporation shall pay
17 to each Federal Home Loan Bank, promptly after the end of
18 each fiscal year, a return on the average amount, at par,
19 of such debentures held by such bank during such fiscal year
20 at a rate determined by the Corporation, after consultation
21 with the Secretary of the Treasury, taking into considera-
22 tion the current average rate as of the last day of the sixth
23 month of such fiscal year on outstanding marketable obliga-
24 tions of the United States having a maturity from date of
25 issue of not less than thirty months and not more than forty-

1 two months. If the amount of such debentures to be issued
2 to and purchased by any Federal Home Loan Bank, calcu-
3 lated under the foregoing provisions of this subsection, would
4 not be a multiple of \$100, such amount shall be the next
5 higher multiple of \$100.

6 “(2) The Corporation is authorized and directed to
7 pay off and retire annually at par an amount of its debentures
8 issued under this subsection equal to 50 per centum of its
9 net income for the fiscal year. Such payments shall be
10 made promptly after the end of each fiscal year (beginning
11 with the first fiscal year which ends after the issuance of
12 such debentures) until the entire amount of such debentures
13 is retired.”

14 (c) Section 404 of the National Housing Act, as
15 amended, is hereby amended (1) by adding the words
16 “paid under subsection (d) or” after the words “any
17 premium which may be” in subsection (c); and (2) by
18 adding the following new subsection at the end thereof:

19 “(d) Effective for the premium year of each insured
20 institution beginning next after the effective date of the
21 Housing Amendments of 1955 and continuing through the
22 first premium year of each insured institution beginning
23 next before that anniversary date of the effective date of
24 the Housing Amendments of 1955 which occurs next after
25 the date on which all debentures issued by the Corporation

1 under subsection ~~(b)~~ of section 402 of this Act shall have
 2 been retired, the rate of the premium provided for in sub-
 3 section ~~(a)~~ of section 404 shall be one-eighth of 1 per
 4 centum in lieu of one-twelfth of 1 per centum."

5 ~~(d)~~ SEC. 111. Subsection (e) of section 406 of the
 6 National Housing Act, as amended (12 U. S. C. 1729 (e)),
 7 is hereby amended by striking the words "Housing and
 8 Home Finance Administrator" and inserting in lieu thereof
 9 the word "Congress".

10 ~~(e)~~ SEC. 112. The National Housing Act, as amended,
 11 is hereby amended by striking section 403 (d) and inserting:

12 " (d) Any institution which applies after the effective
 13 date of the Housing Amendments of 1955 for insurance
 14 under this title shall pay, in the event its application is
 15 approved, an admission fee in such amount as the Corpora-
 16 tion shall determine, taking into consideration the total cost
 17 of processing all insurance applications."

18 COMMUNITY FACILITIES ADMINISTRATION

19 SEC. 113. Section 702 of the Housing Act of 1954 is
 20 hereby amended to read as follows:

21 "SEC. 702. (a) In order (1) to encourage munici-
 22 palities and other public agencies to maintain at all times
 23 a current and adequate reserve of planned public works the
 24 construction of which can rapidly be commenced, particu-
 25 larly when the national or local economic situation makes

1 such action desirable, and (2) to help attain maximum
2 economy and efficiency in the planning and construction
3 of public works, the Administrator is hereby authorized
4 to make advances to public agencies (notwithstanding the
5 provisions of section 3648 of the Revised Statutes, as
6 amended) to aid in financing the cost of engineering and
7 architectural surveys, designs, plans, working drawings, spec-
8 ifications, or other action preliminary to and in preparation
9 for the construction of public works: *Provided*, That the
10 making of advances hereunder shall not in any way commit
11 the Congress to appropriate funds to assist in financing the
12 construction of any public works so planned: *And provided*
13 *further*, That advances outstanding to public agencies in any
14 one State shall at no time exceed 10 per centum of the
15 aggregate then authorized to be appropriated to the revolving
16 fund established pursuant to subsection (e) of this
17 section.

18 “(b) No advance shall be made hereunder with respect
19 to any individual project unless it is planned to be con-
20 structed within a reasonable period of time, unless it con-
21 forms to an overall State, local, or regional plan approved by
22 a competent State, local, or regional authority, and unless
23 the public agency formally contracts with the Federal Gov-
24 ernment to complete the plan preparation promptly and to
25 repay such advance or part thereof when due. Subsequent

1 to approval and prior to disbursement of any Federal funds
2 for the purpose of advance planning, the applicant shall
3 establish a separate planning account into which all Federal
4 and applicant funds estimated to be required for plan prepa-
5 ration shall be placed.

6 “(c) Advances under this section to any public agency
7 shall be repaid without interest by such agency when the
8 construction of the public works is undertaken or started:
9 *Provided*, That if the public agency undertakes to construct
10 only a portion of a planned public work it shall repay such
11 proportionate amount of the advances relating to the public
12 work as the Administrator determines to be equitable: *And*
13 *provided further*, That in the event repayment is not made
14 promptly such unpaid sum shall bear interest at the rate
15 of 4 per centum per annum from the date of the Govern-
16 ment’s demand for repayment to the date of payment
17 thereof by the public agency.

18 “(d) The Administrator is authorized to prescribe
19 rules and regulations to carry out the purpose of this section.

20 “(e) In order to provide moneys for advances in ac-
21 cordance with this section, the Administrator is hereby
22 authorized to establish a revolving fund which shall comprise
23 all moneys heretofore or hereafter appropriated pursuant to
24 this section, together with all repayments and other receipts
25 in connection with advances made under this section. There

1 are hereby authorized to be appropriated to such revolving
2 fund, in addition to the amount authorized by this section
3 as originally enacted, the further amounts of \$12,000,000
4 which may be made available to the revolving fund on
5 or after July 1, 1956; \$12,000,000 which may be made
6 available to such fund on or after July 1, 1957; \$14,000,000
7 which may be made available to such fund on or after July 1,
8 1958; and such additional sums which may be made avail-
9 able from year to year thereafter as may be estimated
10 to be necessary to maintain not to exceed a total of
11 \$48,000,000 in undisbursed balances in the revolving fund
12 and in advances outstanding for plans in preparation or for
13 completed plans with respect to projects which, in the de-
14 termination of the Administrator, can be expected to be
15 undertaken within a reasonable period of time.”

16 SEC. 114. Effective upon the date of enactment of this
17 Act the basic rate of compensation of the Community Facili-
18 ties Commissioner of the Housing and Home Finance
19 Agency shall be the same as the basic rate of compensation
20 established for the heads of the constituent agencies of the
21 Housing and Home Finance Agency.

22 TITLE II—PUBLIC FACILITY LOANS

23 DECLARATION OF POLICY

24 SEC. 201. It has been the policy of the Congress to assist
25 wherever possible the States and their political subdivisions

1 to provide the services and facilities essential to the health
2 and welfare of the people of the United States.

3 The Congress finds that in many instances municipalities,
4 or other political subdivisions of States, which seek to provide
5 essential public works or facilities, are unable to raise the
6 necessary funds at reasonable interest rates.

7 It is the purpose of this title to authorize the extension
8 of credit to assist in the provision of certain essential public
9 works or facilities by States, municipalities, or other political
10 subdivisions of States, where such credit is not otherwise
11 available on reasonable terms and conditions.

12 FEDERAL LOANS

13 SEC. 202. (a) The Housing and Home Finance Admin-
14 istrator, acting through the Community Facilities Adminis-
15 tration, is authorized to purchase the securities and obligations
16 of, or make loans to, States, municipalities and other political
17 subdivisions of States, public agencies, and instrumentalities
18 of one or more States, municipalities and political subdivisions
19 of States, and public corporations, boards, and commissions
20 established under the laws of any State, to finance specific
21 public projects under State or municipal law. No such pur-
22 chase or loan shall be made for payment of ordinary gov-
23 ernmental or nonproject operating expenses.

1 (b) The powers granted in subsection (a) of this section
2 shall be subject to the following restrictions and limitations:

3 (1) No financial assistance shall be extended under this
4 section unless the financial assistance applied for is not other-
5 wise available on reasonable terms, and all securities and
6 obligations purchased and all loans made under this section
7 shall be of such sound value or so secured as reasonably to
8 assure retirement or repayment, and such loans may be
9 made either directly or in cooperation with banks or other
10 lending institutions through agreements to participate or by
11 the purchase of participations or otherwise.

12 (2) No securities or obligations shall be purchased, and
13 no loans shall be made, including renewals or extensions
14 thereof, which have maturity dates in excess of forty years.

15 (c) In the processing of applications for financial
16 assistance under this section the Administrator shall give
17 priority to applications of smaller municipalities for assistance
18 in the construction of basic public works (including works for
19 the storage, treatment, purification, or distribution of water;
20 sewage, sewage treatment, and sewer facilities; and gas dis-
21 tribution systems) for which there is an urgent and vital
22 public need. As used in this section, a "smaller municipal-
23 ity" means an incorporated or unincorporated town, or other
24 political subdivision of a State, which had a population of

1 less than ten thousand inhabitants at the time of the last
2 Federal census.

3 FINANCING

4 SEC. 203. (a) In order to finance activities under this
5 title, the Administrator is authorized and empowered to issue
6 to the Secretary of the Treasury, from time to time and to
7 have outstanding at any one time, in an amount not exceed-
8 ing \$100,000,000, notes and other obligations. Such obliga-
9 tions shall be in such forms and denominations, have such
10 maturities and be subject to such terms and conditions as
11 may be prescribed by the Administrator, with the approval
12 of the Secretary of the Treasury. Such notes or other obli-
13 gations shall bear interest at a rate determined by the Secre-
14 tary of the Treasury, taking into consideration the current
15 average rate on outstanding marketable obligations of the
16 United States of comparable maturities as of the last day of
17 the month preceding the issuance of such notes or other
18 obligations. The Secretary of the Treasury is authorized
19 and directed to purchase any notes and other obligations of
20 the Administrator to be issued hereunder and for such pur-
21 pose the Secretary of the Treasury is authorized to use as a
22 public debt transaction the proceeds from the sale of any
23 securities issued under the Second Liberty Bond Act, as
24 amended, and the purposes for which securities may be

1 issued under such Act, as amended, are extended to include
2 any purchases of such notes and obligations. The Secretary
3 of the Treasury may at any time sell any of the notes or
4 other obligations acquired by him under this section. All
5 redemptions, purchases, and sales by the Secretary of the
6 Treasury of such notes or other obligations shall be treated
7 as public debt transactions of the United States.

8 (b) Funds borrowed under this section and any pro-
9 ceeds shall constitute a revolving fund which may be used
10 by the Administrator in the exercise of his functions under
11 this title.

12 GENERAL PROVISIONS

13 SEC. 204. In the performance of, and with respect to,
14 the functions, powers, and duties vested in him by this title
15 the Administrator shall (in addition to any authority other-
16 wise vested in him) have the functions, powers, and duties
17 set forth in section 402, except subsection (c) (2), of the
18 Housing Act of 1950. Funds obtained or held by the Ad-
19 ministrator in connection with the performance of his func-
20 tions under this title shall be available for the administrative
21 expenses of the Administrator in connection with the per-
22 formance of such functions.

23 *The term "States" as used in this title shall mean the*
24 *several States, the District of Columbia, the Commonwealth*

1 of Puerto Rico, and the Territories and possessions of the
2 United States.

3 SEC. 205. No loans shall be made under section 108 of
4 the Reconstruction Finance Corporation Liquidation Act (67
5 Stat. 230), as amended, after the date of enactment of this
6 Act, except pursuant to an application for such loan filed
7 prior to such date.

8 TITLE III—COLLEGE HOUSING

9 SEC. 301. Section 401 of title IV of the Housing Act of
10 1950, as amended, is hereby amended to read as follows:

11 “SEC. 401. (a) To assist educational institutions in
12 providing housing and other educational facilities for stu-
13 dents and faculties, the Administrator may make loans of
14 funds to such institutions for the construction of such facili-
15 ties: *Provided*, That (1) no such loan shall be made unless
16 the educational institution shows that it is unable to secure
17 the necessary funds for such construction from other sources
18 upon terms and conditions equally as favorable as the terms
19 and conditions applicable to loans under this title, and (2)
20 no such loan shall be made unless the Administrator finds
21 that the construction will be undertaken in an economical
22 manner, and that it will not be of elaborate or extravagant
23 design or materials.

24 “(b) Any educational institution which, prior to the

1 date of enactment of this Act, has contracted for housing
2 or other educational facilities may, in connection therewith,
3 receive loans authorized under this title, as the Administra-
4 tor may determine: *Provided*, That no such loan shall be
5 made for any housing or other educational facilities, the
6 construction of which was begun prior to the effective date
7 of this Act, or completed prior to the filing of an applica-
8 tion under this title.

9 “(c) A loan to an educational institution may be in
10 an amount not exceeding the total development cost of the
11 facility, as determined by the Administrator; shall be secured
12 in such manner and be repaid within such period, not exceed-
13 ing fifty years, as may be determined by him;
14 and with respect to loan contracts under which loan funds
15 have not been fully disbursed prior to the date of
16 enactment of the College Housing Amendments of 1955
17 shall bear interest at a rate determined by the Admin-
18 istrator which shall be not more than the higher of (1) $2\frac{3}{4}$
19 per centum per annum, or (2) the total of one-quarter of
20 1 per centum per annum added to the rate of interest paid
21 by the Administrator on funds obtained from the Secretary
22 of the Treasury as provided in subsection (e) of this section.

23 “(d) To obtain funds for loans under this title, the
24 Administrator may issue and have outstanding at any one
25 time notes and obligations for purchase by the Secretary of

1 the Treasury in an amount not to exceed \$500,000,000:
2 *Provided*, That the amount outstanding for other educa-
3 tional facilities, as defined herein, shall not exceed
4 \$100,000,000.

5 “(e) Notes or other obligations issued by the Adminis-
6 trator under this title shall be in such forms and denomina-
7 tions, have such maturities, and be subject to such terms
8 and conditions as may be prescribed by the Administrator,
9 with the approval of the Secretary of the Treasury. Such
10 notes or other obligations issued to obtain funds for loan con-
11 tracts entered into after the effective date of the College
12 Housing Amendments of 1955 shall bear interest at a rate
13 determined by the Secretary of the Treasury which shall be
14 not more than the higher of (1) $2\frac{1}{2}$ per centum per annum,
15 or (2) the average annual interest rate on all interest-
16 bearing obligations of the United States ~~then~~ forming a part
17 of the public debt as computed at the end of the fiscal year
18 next preceding the issuance by the Administrator and
19 adjusted to the nearest one-eighth of 1 per centum. The
20 Secretary of the Treasury is authorized and directed to
21 purchase any notes and other obligations of the Adminis-
22 trator issued under this title and for such purpose is author-
23 ized to use as a public-debt transaction the proceeds from
24 the sale of any securities issued under the Second Liberty
25 Bond Act, as amended, and the purposes for which securities

1 may be issued under such Act, as amended, are extended
2 to include any purchases of such notes and other obligations.
3 The Secretary of the Treasury may at any time sell any
4 of the notes or other obligations acquired by him under
5 this section. All redemptions, purchases, and sales by the
6 Secretary of the Treasury of such notes or other obliga-
7 tions shall be treated as public-debt transactions of the
8 United States.

9 “(f) There are hereby authorized to be appropriated
10 to the Administrator such sums as may be necessary, to-
11 gether with loan principal and interest payments made by
12 educational institutions assisted hereunder, for payments on
13 notes or other obligations issued by the Administrator under
14 this ~~section.~~²² section.

15 “(g) No loan shall be made under this section unless the
16 educational institution receiving the loan has agreed (1) to
17 certify, upon completion of the physical improvements with
18 respect to which the loan is made, either (A) that the total
19 of all actual costs of the facility approved by the Administra-
20 tor for disbursement under the loan agreement equaled or
21 exceeded the proceeds of all obligations authorized and issued
22 pursuant to the loan agreement or (B) the amount by which
23 the proceeds of such obligations exceeded such total actual costs,
24 as the case may be, and (2) to pay forthwith for the redemp-
25 tion of such obligations, in such manner as shall be provided in

1 *the loan agreement, the amount, if any, certified to be in*
 2 *excess of such total actual costs: Provided, That any portion*
 3 *of such excess amount less than \$1,000 shall, in lieu of being*
 4 *paid for the redemption of such obligations, be deposited in*
 5 *a sinking fund account established for the payment of interest*
 6 *on, and principal of, such obligations.”*

7 SEC. 302. ~~That subsection~~ *Subsection* (c) of section 404
 8 of title IV of the Housing Act of 1950, as amended, is hereby
 9 amended to read as follows:

10 “(c) ‘Development cost’ means costs of the construc-
 11 tion of the housing or other educational facilities and the
 12 land on which it is located, including necessary site im-
 13 provements to permit its use for housing or other educa-
 14 tional facilities.”

15 SEC. 303. Section 404 of title IV of the Housing Act
 16 of 1950, as amended, is amended by—

17 (1) striking out subsection (b) and inserting in
 18 lieu thereof the following:

19 “(b) ‘Educational institution’ means ~~(1)~~ any educa-
 20 tional institution offering at least a two-year program
 21 acceptable for full credit toward a baccalaureate degree,
 22 including any public educational institution, or any private
 23 educational institution no part of the net earnings of which
 24 inures to the benefit of any private shareholder or individual,
 25 and ~~(2)~~ any educational or philanthropic corporation ~~(no~~

1 part of the net earnings of which inures to the benefit of
 2 any private shareholder or individual) ~~(A)~~ established by
 3 any institution included in clause ~~(1)~~ of this subsection for
 4 the sole purpose of providing housing or other educational
 5 facilities for students or students and faculty of such insti-
 6 tution without regard to their membership in or affiliation
 7 with any social, fraternal, or honorary society or organiza-
 8 tion, and ~~(B)~~ upon dissolution of which all title to any
 9 property purchased or built from the proceeds of any loan
 10 secured under this title will pass to such institution.”; and

11 (2) adding at the end thereof the following new
 12 subsection:

13 “(h) ‘Other educational facilities’ means (1) new struc-
 14 tures suitable for use as cafeterias or dining halls, student
 15 centers or student unions, infirmaries or other inpatient or
 16 outpatient health facilities, and for other essential service
 17 facilities, and (2) structures suitable for the above uses
 18 provided by rehabilitation, alteration, conversion, or im-
 19 provement of existing structures which are otherwise inade-
 20 quate for such uses.”.

21 SEC. 304. This title may be cited as the “College
 22 Housing Amendments of 1955”.

1 TITLE IV—ARMED SERVICES HOUSING

2 MORTGAGE INSURANCE

3 SEC. 401. Title VIII of the National Housing Act, as
4 amended, is hereby amended to read as follows:

5 “TITLE VIII—ARMED SERVICES HOUSING

6 MORTGAGE INSURANCE

7 “SEC. 801. As used in this title—

8 “(a) The term ‘mortgage’ means a first mortgage on
9 real estate, in fee simple, or on a leasehold (1) under a
10 lease for not less than ninety-nine years which is renewable;
11 or (2) under a lease for a period of not less than fifty years
12 to run from the date the mortgage was executed; and the
13 term ‘first mortgage’ means such classes of first liens as are
14 commonly given to secure advances on, or the unpaid pur-
15 chase price of, real estate, under the laws of the State in
16 which the real estate is located, together with the credit
17 instruments, if any, secured thereby.

18 “(b) The term ‘mortgagee’ includes the original lender
19 under a mortgage, and his successors and assigns approved
20 by the Commissioner; and the term ‘mortgagor’ includes
21 the original borrower under a mortgage, his successors and
22 assigns (including the United States acting through the
23 Secretary of Defense or his designee, and his assigns).

1 ~~“(c)~~ The term ‘maturity date’ means the date on which
2 the mortgage indebtedness would be extinguished if paid in
3 accordance with periodic payments provided for in the
4 mortgage.

5 ~~“(d)~~ The term ‘housing accommodations’ means hous-
6 ing designed for occupancy by military personnel and their
7 dependents, assigned to duty at or near the military installa-
8 tion where such housing units are constructed.

9 ~~“(e)~~ The term ‘personnel’ shall include personnel of
10 the military and civilian personnel approved by the Secere-
11 tary of Defense, or his designee, and the dependents of all
12 such personnel.

13 ~~“(f)~~ The term ‘military’ includes Army, Navy, Marine
14 Corps, Air Force, and Coast Guard.

15 ~~“(g)~~ The term ‘State’ includes the several States and
16 Alaska, Hawaii, Puerto Rico, the District of Columbia,
17 Guam, and the Virgin Islands.

18 “SEC. 802. The Military Housing Insurance Fund
19 created by this section prior to amendment thereto shall
20 hereafter be known as the Armed Services Housing Mort-
21 gage Insurance Fund. General expenses of operation of
22 the Federal Housing Administration under this title (in-
23 cluding operations with respect to mortgages insured or to
24 be insured pursuant to this title prior to enactment of the

1 Housing Amendments of 1955) may be charged to the
2 Armed Services Housing Mortgage Insurance Fund.

3 “SEC. 803. (a) In order to assist in relieving the acute
4 shortage and urgent need for family housing which now
5 exists at or in areas adjacent to military installations because
6 of uncertainty as to the permanency of such installations and
7 to increase the supply of necessary family housing accommo-
8 dations for personnel at such installations, the Commissioner
9 is authorized, upon application of the mortgagee, to insure
10 mortgages (including advances on such mortgages during
11 construction) which are eligible for insurance as hereinafter
12 provided, and, upon such terms as the Commissioner may
13 prescribe, to make commitments for so insuring such mort-
14 gages prior to the date of their execution or disbursement
15 thereon: *Provided*, That the aggregate amount of principal
16 obligations of all mortgages insured under this title shall not
17 exceed \$1,485,000,000: *And provided further*, That the
18 limitation in section 217 of this Act shall not apply to this
19 title: *And provided further*, That no mortgage shall be in-
20 sured under this title after June 30, 1958, except pursuant
21 to a commitment to insure issued before such date.

22 “(b) To be eligible for insurance under this title a
23 mortgage shall meet the following conditions:

24 “(1) The mortgaged property shall be held by a mort-

1 gagor approved by the Commissioner. The Commissioner
2 may, in his discretion, require such mortgagor to be regu-
3 lated or restricted as to capital structure, and methods of
4 operation. The Commissioner may make such contracts
5 with, and acquire for not to exceed \$100 stock or interest
6 in, any such mortgagor, as the Commissioner may deem nec-
7 essary to render effective such restriction or regulation. Such
8 stock or interest shall be paid for out of the Armed Services
9 Housing Mortgage Insurance Fund, and shall be redeemed
10 by the mortgagor at par upon the termination of all obliga-
11 tions of the Commissioner under the insurance.

12 “(2) The mortgaged property shall be designed for use
13 for residential purposes by personnel of the armed services
14 and situated at or near a military installation, and the Secre-
15 tary shall have certified that there is no intention, so far as
16 can reasonably be foreseen, to curtail the personnel assigned
17 or to be assigned to such installation, and (i) shall have
18 determined that for reasons of safety, security, or other
19 essential military requirements, it is necessary that the
20 personnel involved reside in public quarters, or (ii) after
21 consultation with the Housing and Home Finance Admin-
22 istrator, shall have determined that adequate housing is not
23 available for such personnel (and cannot otherwise be ac-
24 quired or provided when needed from public or private
25 sources) at reasonable rentals within reasonable commuting

1 distance of the installation. The housing accommodations
 2 shall comply with such standards and conditions as the
 3 Commissioner may prescribe to establish the acceptability
 4 of such property for mortgage insurance, except that the
 5 certification of the Secretary of Defense, or his designee,
 6 shall (for purposes of mortgage insurance under this title)
 7 be conclusive evidence to the Commissioner of the existence
 8 of the need for such housing. However, if the Commis-
 9 sioner does not concur in the housing needs as certified
 10 by the Secretary, the Commissioner may require the Sec-
 11 retary to guarantee the Armed Services Housing Mortgage
 12 Insurance Fund from loss with respect to the mortgage
 13 covering such housing.

14 “(3) The mortgage shall involve a principal obligation
 15 in an amount—

16 “(A) not to exceed the amount which the Com-
 17 missioner estimates will be the replacement cost of
 18 the property or project when the proposed improvements
 19 are completed (the cost of the property or project as
 20 such term is used in this paragraph may include the
 21 cost of the land, the physical improvements, and utili-
 22 ties within the boundaries of the property or project);

23 “(B) not to exceed an average of \$13,500 per
 24 family unit for such part of such property or project
 25 as may be attributable to dwelling use: *Provided,*

1 That the replacement cost of the property or project
2 as determined by the Commissioner, including the
3 estimated value of the utilities within the bound-
4 aries of the property or project where owned by the
5 United States and not provided for out of the proceeds
6 of the mortgage, shall not exceed an average of
7 \$13,500 per family unit; and

8 “(C) not to exceed the bid of the eligible builder
9 of the property or project under section 403 of the
10 Housing Amendments of 1955.

11 The mortgage shall provide for complete amortization by
12 periodic payments within such terms as the Commissioner
13 shall prescribe, have a maturity not to exceed thirty
14 years, and shall bear interest (exclusive of premium charges
15 for insurance) at not to exceed 4 per centum per annum
16 of the amount of the principal obligation outstanding at any
17 time. The Commissioner may consent to the release of a
18 part or parts of the mortgaged property from the lien of the
19 mortgage upon such terms and conditions as he may
20 prescribe and the mortgage may provide for such release.

21 “(e) The Commissioner is authorized to fix a premium
22 charge for the insurance of mortgages under this title but
23 in the case of any mortgage such charge shall not be less
24 than an amount equivalent to one-half of 1 per centum per
25 annum nor more than an amount equivalent to 1½ per

1 centum per annum of the amount of the principal obliga-
2 tion of the mortgage outstanding at any time, without taking
3 into account delinquent payments or prepayments. Such
4 premium charges shall be payable by the mortgagee, either
5 in cash, or in debentures issued by the Commissioner under
6 this title at par plus accrued interest, in such manner as
7 may be prescribed by the Commissioner: *Provided*, That the
8 Commissioner may require the payment of one or more
9 such premium charges at the time the mortgage is insured,
10 at such discount rate as he may prescribe not in excess
11 of the interest rate specified in the mortgage. If the Com-
12 missioner finds, upon the presentation of a mortgage for
13 insurance and the tender of the initial premium charge and
14 such other charges as the Commissioner may require, that
15 the mortgage complies with the provisions of this title, such
16 mortgage may be accepted for insurance by endorsement or
17 otherwise as the Commissioner may prescribe. In the event
18 that the principal obligation of any mortgage accepted for
19 insurance under this title is paid in full prior to the maturity
20 date, the Commissioner is authorized to refund to the mort-
21 gagee for the account of the mortgagor all, or such por-
22 tion as he shall determine to be equitable, of the current
23 unearned premium charges theretofore paid.

24 “(d) The failure of the mortgagor to make any pay-
25 ment due under or provided to be paid by the terms of a

1 mortgage insured under this title shall be considered a de-
2 fault under such mortgage; and, if such default continues for
3 a period of thirty days, the mortgagee shall be entitled to
4 receive the benefits of the insurance as hereinafter provided,
5 upon assignment, transfer, and delivery to the Commissioner,
6 within a period and in accordance with rules and regulations
7 to be prescribed by the Commissioner of ~~(1)~~ all rights and
8 interest arising under the mortgage so in default; ~~(2)~~ all
9 claims of the mortgagee against the mortgagor or others,
10 arising out of the mortgage transactions; ~~(3)~~ all policies of
11 title or other insurance or surety bonds or other guaranties
12 and any and all claims thereunder; ~~(4)~~ any balance of the
13 mortgage loan not advanced to the mortgagor; ~~(5)~~ any cash
14 or property held by the mortgagee, or to which it is entitled,
15 as deposits made for the account of the mortgagor and which
16 have not been applied in reduction of the principal of the
17 mortgage indebtedness; and ~~(6)~~ all records, documents,
18 books, papers, and accounts relating to the mortgage trans-
19 action. Upon such assignment, transfer, and delivery, the
20 obligation of the mortgagee to pay the premium charges for
21 mortgage insurance shall cease, and the Commissioner shall,
22 subject to the cash adjustment provided for in subsection ~~(c)~~
23 of this section, issue to the mortgagee debentures having a
24 total face value equal to the value of the mortgage, and a
25 certificate of claim as hereinafter provided. For the pur-

1 poses of this subsection, the value of the mortgage shall
2 be determined in accordance with rules and regulations pre-
3 scribed by the Commissioner, by adding to the amount of the
4 original principal obligation of the mortgage which was un-
5 paid on the date of default, the amount the mortgagee may
6 have paid for ~~(A)~~ taxes, special assessments, and water
7 rates, which are liens prior to the mortgage; ~~(B)~~ insurance
8 on the property; and ~~(C)~~ reasonable expenses for the com-
9 pletion and preservation of the property and any mortgage
10 insurance premiums paid after default; less the sum of ~~(i)~~
11 any amount received on account of the mortgage after such
12 date; and ~~(ii)~~ any net income received by the mortgagee
13 from the property after such date. Upon assignment, the
14 obligation of the mortgagee to pay the premium charges for
15 insurance shall cease and the mortgagee shall be entitled to
16 receive the benefits of the insurance as provided in this sub-
17 section.

18 “~~(e)~~ Debentures issued under this title shall be in such
19 form and denominations in multiples of \$50, shall be subject
20 to such terms and conditions, and shall include such pro-
21 visions for redemption, if any, as may be prescribed by the
22 Commissioner with the approval of the Secretary of the
23 Treasury, and may be in coupon or registered form. Any
24 difference between the value of the mortgage determined
25 as herein provided and the aggregate face value of the deben-

1 tures issued, not to exceed \$50, shall be adjusted by the pay-
2 ment of cash by the Commissioner to the mortgagee from
3 the Armed Services Housing Mortgage Insurance Fund.

4 “(f) Debentures issued under this title shall be executed
5 in the name of the Armed Services Housing Mortgage
6 Insurance Fund as obligor, shall be signed by the Commis-
7 sioner, by either his written or engraved signature, and shall
8 be negotiable. All such debentures shall be dated as of the
9 date of default as determined in accordance with subsection
10 (d) of this section, and shall bear interest from such date
11 at a rate determined by the Commissioner with the approval
12 of the Secretary of the Treasury, at the time the mortgage
13 was accepted for insurance, but not to exceed 3 per centum
14 per annum, payable semiannually on the 1st day of January
15 and the 1st day of July of each year, and shall mature twenty
16 years after the date thereof. Such debentures shall be
17 exempt, both as to principal and interest, from all taxation
18 (except surtaxes, estate, inheritance, and gift taxes) now
19 or hereafter imposed by any Territory, dependency, or
20 possession of the United States or by the District of Colum-
21 bia, or by any State, county, municipality, or local taxing
22 authority. They shall be paid out of the Armed Services
23 Housing Mortgage Insurance Fund, which shall be primarily
24 liable therefor, and they shall be fully and unconditionally

1 guaranteed as to principal and interest by the United States;
2 and such guaranty shall be expressed on the face of the
3 debentures. In the event the Armed Services Housing
4 Mortgage Insurance Fund fails to pay upon demand, when
5 due, the principal of or interest on any debentures so guaran-
6 teed, the Secretary of the Treasury shall pay to the holders
7 the amount thereof which is hereby authorized to be appro-
8 priated, and thereupon to the extent of the amount so paid
9 the Secretary of the Treasury shall succeed to all the rights
10 of the holders of such debentures.

11 “~~(g)~~ The certificate of claim issued by the Commissioner
12 to any mortgagee in connection with the insurance of mort-
13 gages under this title shall be for an amount determined in
14 accordance with subsections ~~(e)~~ and ~~(f)~~ of section 604 of
15 this Act, except that any amount remaining after the pay-
16 ment of the full amount under the certificate of claim shall
17 be retained by the Commissioner and credited to the Armed
18 Services Housing Mortgage Insurance Fund.

19 “~~(h)~~ The provisions of section 207 ~~(k)~~ and section
20 207 ~~(l)~~ of this Act shall be applicable to mortgages insured
21 under this title and to property acquired by the Commissioner
22 hereunder, except that as applied to such mortgages and
23 property ~~(1)~~ all references in such sections to the ‘Housing
24 Fund’ shall be construed to refer to the ‘Armed Services

1 Housing Mortgage Insurance Fund', and ~~(2)~~ the reference
 2 in section 207 ~~(k)~~ to 'subsection ~~(g)~~' shall be construed
 3 to refer to 'subsection ~~(d)~~' of this section.

4 ~~"(i)~~ The Commissioner shall also have power to insure
 5 under this title or title II any mortgage executed in connec-
 6 tion with the sale by him of any property acquired under
 7 this title without regard to any limit as to eligibility, time
 8 or aggregate amount contained in this title or title II.

9 ~~"(j)~~ Any contract of insurance executed by the Com-
 10 missioner under this title shall be conclusive evidence of the
 11 eligibility of the mortgage for insurance and the validity of
 12 any contract of insurance so executed shall be incontestable
 13 in the hands of an approved mortgagee from the date of the
 14 execution of such contract, except for fraud or misrepresenta-
 15 tion on the part of such approved mortgagee.

16 ~~"SEC. 804. (a)~~ Moneys in the Armed Services Housing
 17 Mortgage Insurance Fund not needed for current operations
 18 under this title shall be deposited with the Treasurer of the
 19 United States to the credit of the Armed Services Housing
 20 Mortgage Insurance Fund, or invested in bonds or other
 21 obligations of, or in bonds or other obligations guaranteed
 22 as to principal and interest by, the United States. The
 23 Commissioner may, with the approval of the Secretary of
 24 the Treasury, purchase in the open market debentures issued
 25 under the provisions of this title. Such purchases shall be

1 made at a price which will provide an investment yield of
2 not less than the yield obtainable from other investments
3 authorized by this section.— Debentures so purchased shall
4 be canceled and not reissued.

5 “(b) Premium charges, adjusted premium charges, and
6 appraisal and other fees, received on account of the insurance
7 of any mortgage insured under this title, the receipts derived
8 from any such mortgage or claim assigned to the Commis-
9 sioner and from any property acquired by the Commissioner,
10 and all earnings on the assets of the Armed Services Housing
11 Mortgage Insurance Fund, shall be credited to the Armed
12 Services Housing Mortgage Insurance Fund. The principal
13 of and interest paid and to be paid on debentures issued in
14 exchange for any mortgage or property insured under this
15 title, cash adjustments, and expenses incurred in the handling
16 of such mortgages or property and in the foreclosure and
17 collection of mortgages and claims assigned to the Commis-
18 sioner under this title, shall be charged to the Armed Services
19 Housing Mortgage Insurance Fund.

20 “SEC. 805. Whenever the Secretary of the Army, Navy,
21 or Air Force determines that it is necessary to lease any land
22 held by the United States on or near a military installation
23 to effectuate the purposes of this title, he may lease such land
24 upon such terms and conditions as will, in his opinion, best
25 serve the national interest. Whenever the Secretary of the

1 Army, Navy, or Air Force determines it to be in the
2 interest of national defense, he is hereby authorized to sell,
3 transfer, and convey at fair value (as determined by him),
4 for use under this title, all or any right, title, and interest
5 in any real property under his jurisdiction, notwithstanding
6 any limitations or requirements of law with respect to the
7 use or disposition of such property. The authority conferred
8 by this section shall be in addition to and not in derogation
9 of any other power or authority of the Secretary of the
10 Army, Navy, or Air Force.

11 "SEC. 806. The second sentence of section 214 of the
12 National Housing Act, as amended, relating to housing in
13 the Territory of Alaska, shall not apply to mortgages insured
14 under this title on property in said Territory.

15 "SEC. 807. Nothing in this title shall be construed to
16 exempt any real property after being acquired and held by
17 the Commissioner under section 803 (d) of this title from
18 taxation by any State or political subdivision thereof, to the
19 same extent, according to its value, as other real property is
20 taxed.

21 "SEC. 808. The Commissioner is authorized and directed
22 to make such rules and regulations as may be necessary to
23 carry out the provisions of this title. In the performance of,
24 and with respect to, the functions, powers, and duties vested
25 in him by this title, the Commissioner, notwithstanding the

1 provisions of any other law, shall appoint a Special Assistant
2 for Armed Services Housing for Mortgage Insurance, and
3 provide the Special Assistant with adequate staff, whose
4 whole responsibility will be to expedite operations under this
5 title and to eliminate administrative obstacles to the full
6 utilization of this title under the direction and supervision of
7 the Commissioner.

8 “SEC. 809. The cost certification required under section
9 227 of this Act shall not be required with respect to mort-
10 gages insured under the provisions of this title as amended
11 by the Housing Amendments of 1955.”

12 SEC. 402. Section 305 of the National Housing Act,
13 as amended, is amended by adding the following at the end
14 thereof:

15 “(f) Notwithstanding any other provision of this Act,
16 the Association is authorized to make commitments to pur-
17 chase and to purchase, service, or sell, any mortgage (or
18 participation therein) which is insured under title VIII of
19 this Act, as amended by the Housing Amendments of 1955.”

20 SEC. 403. (a) The Secretary of Defense or his designee
21 is hereby authorized to enter into contracts with any eligible
22 builder to provide for the construction of urgently needed
23 housing on lands owned or leased by the United States and
24 situated on or near a military reservation or installation for
25 the purpose of providing suitable living accommodations for

1 military personnel of the armed services assigned to duty
2 at the military installation at or in the area where the housing
3 is situated. Any such contract shall contain such terms and
4 conditions as the Secretary may determine to be necessary
5 to protect the interests of the United States, including the
6 amount of the mortgage that the Federal Housing Commis-
7 sioner shall insure. Before the Secretary shall enter into any
8 contract with any builder as authorized by this section for
9 the construction of housing, he shall invite the submission
10 of competitive bids after advertising in the manner prescribed
11 in section 3 of the Armed Services Procurement Act of 1947.

12 ~~(b)~~ For the purposes of this title, the term "eligible
13 builder" means a person, partnership, firm, or corporation
14 determined by the Secretary after consultation with the
15 Commissioner ~~(1)~~ to be qualified by experience and finan-
16 cial responsibility to construct housing of the type described
17 in subsection ~~(a)~~ of this section, and ~~(2)~~ to have submitted
18 the lowest acceptable bid.

19 ~~(c)~~ Notwithstanding any other provision of law, the
20 Secretary of Defense or his designee is authorized to acquire,
21 by lease or otherwise, the housing constructed pursuant to
22 such contracts; to maintain and operate such housing; to
23 assume or guarantee the payment of notes, mortgages, or
24 other legal instruments, required by the Commissioner or the
25 mortgagee, of the owners or mortgagors or prospective owners

1 or mortgagors constructing housing projects insured under
2 title VIII of the National Housing Act, as amended by the
3 Housing Amendments of 1955; and to make payments
4 thereon; to guarantee the Armed Services Housing Mortgage
5 Insurance Fund against loss in the cases where so required;
6 but all rental or other payments made during any year in the
7 case of any housing so acquired shall not exceed an average
8 living unit payment of \$90 per month and, in the case of any
9 one of the military departments, total payments for all
10 housing so acquired shall not exceed \$9,000,000 per month:
11 *Provided, That,* in the case of the United States Coast Guard,
12 total payments for all housing so acquired shall not exceed
13 \$900,000 per month.

14 (d) The Secretary of Defense shall not acquire or
15 operate any housing under authority of this section unless
16 the Corps of Engineers, in the case of housing for Army or
17 Air Force personnel, the Chief of the Bureau of Yards and
18 Docks, in the case of housing for Navy or Marine personnel,
19 or the Office of Engineering, United States Coast Guard, in
20 the case of housing for Coast Guard personnel, has made a
21 thorough inspection of such housing and certifies that it has
22 been constructed in substantial conformity with the plans and
23 specifications.

24 SEC. 404. Whenever the Secretary of Defense or his
25 designee shall deem it necessary for the purposes of this title,

1 he may acquire by purchase, donation, or other means of
2 transfer, or may cause proceedings to be instituted in any
3 court having jurisdiction of such proceedings to acquire by
4 condemnation, any unimproved land, or any housing financed
5 with mortgages insured under the provisions of title VIII
6 of the National Housing Act as in effect prior to the enact-
7 ment of the Housing Amendments of 1955. Notwithstand-
8 ing the provisions of any other law, the price paid for
9 any such unimproved land or housing purchased by the
10 Secretary under this or any other law shall be the fair market
11 value of such land or housing as determined by the Secretary
12 on the basis of an independent appraisal, and, in connection
13 with any agreements to purchase such housing, the Secretary
14 of Defense or his designee may assume, or purchase subject
15 to, any such mortgage. Any such condemnation proceedings
16 shall be conducted in accordance with the provisions of the
17 Act of August 1, 1888 (25 Stat. 357), as amended, or any
18 other applicable Federal statute. Before condemnation pro-
19 ceedings are instituted pursuant to this section, an effort
20 shall be made to acquire the property involved by negotiation
21 unless, because of reasonable doubt as to the identity of the
22 owner or owners, because of the large number of persons
23 with whom it would be necessary to negotiate, or for other
24 reasons, the effort to acquire by negotiation would involve,
25 in the judgment of the Secretary, such delay in acquiring

1 the property as to be contrary to the interest of national
2 defense. In any condemnation proceeding instituted pursu-
3 ant to this section, the court shall not order the party in
4 possession to surrender possession in advance of final judg-
5 ment unless a declaration of taking has been filed, and a
6 deposit of the amount estimated to be just compensation has
7 been made, under the first section of the Act of February
8 26, 1931 (46 Stat. 1421), providing for such declarations.
9 Unless title is in dispute, the courts, upon application, shall
10 promptly pay to the owner at least 75 per centum of the
11 amount so deposited, but such payment shall be made without
12 prejudice to any party to the proceeding. Property acquired
13 under this section may be occupied, used, and improved for
14 the purposes of this section prior to the approval of title by
15 the Attorney General as required by section 355 of the
16 Revised Statutes, as amended.

17 SEC. 405. The Secretary of Defense or his designee is
18 authorized to assign quarters in any housing acquired under
19 this title to military personnel and civilian personnel ap-
20 proved by the Secretary of Defense or his designee and
21 the dependents of all such personnel. Quarters' allowances
22 or appropriate allotments, if any, of the personnel so assigned
23 may be withheld and used as provided in this title. —Any
24 funds heretofore or hereafter authorized to be expended by
25 any of the military departments for the payment of allow-

1 ances for quarters for military personnel, or for other pur-
2 poses relating to dwelling accommodations, may be used
3 as provided in this section. Quarters' allowances and other
4 funds withheld from military personnel as herein provided
5 shall be deposited in a special account which shall be estab-
6 lished. Moneys in such special account shall be applied,
7 first, to payments of principal, interest, and insurance pre-
8 miums; second, to the payment of the expenses of opera-
9 tion and ordinary maintenance of such project; and third, to
10 the payment of an annual charge for the establishment of
11 a reasonable reserve for repairs, maintenance, and replace-
12 ment. Insofar as practicable each such project shall be
13 operated on a self-liquidating basis whereby all expenses
14 of capitalization, operation, and maintenance will be paid
15 from quarters' allowances or other funds withheld and de-
16 posited hereunder in such special account.

17 SEC. 406. Whenever the Secretary of Defense or his
18 designee determines that it is desirable in order to effectuate
19 the purposes of this title, the Secretary is authorized, with-
20 out regard to the civil service and classification laws, to pro-
21 cure, by negotiation or otherwise, the services of architects
22 and engineers, or organizations thereof, under such arrange-
23 ments as he deems desirable, but at an expense not in excess
24 of that permissible under the schedule of fees allowed from
25 time to time by the Public Housing Administration in con-

1 nection with projects assisted under the United States Hous-
2 ing Act of 1937, as amended. Such services may include
3 the development of plans, drawings, and specifications for
4 family housing under this title and other services in connec-
5 tion therewith: *Provided*, That such plans, drawings, and
6 specifications may include the use on any project to be con-
7 structed under this title of alternate materials or alternate
8 types of construction, including prefabrication, that provide
9 substantially equal value and conform to standards estab-
10 lished by the Federal Housing Commissioner: *Provided*
11 *further*, That the Secretary may designate certain sites or
12 parts thereof for family housing to be furnished from pre-
13 fabricated houses or housing components. Such arrange-
14 ments may include provision for advance or progress pay-
15 ments, for payment by third parties, for payment by the
16 Government of any such compensation as is not paid for by
17 third parties, and shall include provision for reimbursement
18 by third parties to the Government of any compensation or
19 other expenses paid by the Government pursuant to this
20 section, and may include other provisions for compensation.
21 Any public works appropriations now or hereafter available
22 to the Departments of the Army, Navy, or Air Force
23 or the Coast Guard may be obligated by the respective
24 departments or the Coast Guard for these purposes.
25 Reimbursements to the Government on account of payments

1 made pursuant to this section shall be made to appropriations
2 against which such payments were charged. The Secretary
3 is further authorized to advance or pay to the Federal Hous-
4 ing Administration its "Appraisal and Eligibility Statement"
5 fees in connection with such family housing. The Secretary
6 is further authorized to enter into arrangements by contract
7 or otherwise for eventual acquisition by the Government,
8 without cost to the Government of all right, title, and interest
9 in sites on which housing is constructed pursuant to this title
10 and improvements thereon.

11 SEC. 407. (a) There are hereby authorized to be appro-
12 priated such sums as may be necessary to carry out the pro-
13 visions of sections 403 through 406 of this Act.

14 (b) Any funds heretofore or hereafter authorized to be
15 expended by any of the military departments or the Coast
16 Guard for the payment of allowances for quarters for military
17 personnel may be used for the purposes specified in sub-
18 section (a) above.

19 SEC. 408. Notwithstanding the provisions of section 401
20 of this Act, the provisions of title VIII of the National
21 Housing Act in effect prior to the enactment of the Housing
22 Amendments of 1955 shall continue in full force and effect
23 with respect to all mortgages insured pursuant to a certifi-
24 cation by the Secretary of Defense or his designee made on
25 or before June 30, 1955 and a commitment to insure issued

1 on or before June 30, 1956, except that the maximum dollar
2 amount for each such mortgage shall be \$12,500,000.

3 SEC. 409. (a) Wherever the terms "Secretary of De-
4 fense" or "Secretary" or "Secretary of the Army, Navy, or
5 Air Force" appear in this title or in title VIII of the Na-
6 tional Housing Act, as amended by the Housing Amend-
7 ments of 1955, they shall be deemed to mean the Secretary
8 of the Treasury in the case of the application of the pro-
9 visions of this title or of title VIII of the National Housing
10 Act, as amended by the Housing Amendments of 1955, for
11 the benefit of the United States Coast Guard.

12 (b) Wherever the term "armed services" appears in
13 this title it shall be deemed to include the United States
14 Coast Guard.

15 TITLE IV—MILITARY HOUSING

16 PRIVATELY FINANCED MILITARY HOUSING

17 SEC. 401. Section 803 of the National Housing Act,
18 as amended, is hereby amended—

19 (1) by striking out of the second proviso of sub-
20 section (a) "June 30, 1955" and inserting in lieu
21 thereof "June 30, 1958";

22 (2) by striking out the last sentence of paragraph
23 (2) of subsection (b) and inserting in lieu thereof the
24 following: "No mortgage shall be insured under this
25 title unless the Secretary of Defense or his designee

1 shall have certified to the Commissioner that the housing
 2 with respect to which the mortgage is made is necessary
 3 to assure that adequate housing, within reasonable com-
 4 muting distance of the installation, will be available for
 5 such personnel and that there is no intention, so far as
 6 can reasonably be foreseen, to substantially curtail
 7 activities at such installation or the personnel assigned
 8 or to be assigned to such installation.”;

9 (3) by striking clause (C) of paragraph (3) of
 10 subsection (b) and inserting:

11 “(C) not to exceed an average of \$9,900 per
 12 family unit for such part of such property or project as
 13 may be attributable to dwelling use, except that where
 14 the Secretary of Defense or his designee, in exceptional
 15 cases, certifies and the Commissioner concurs in such
 16 certification that the needs would be better served by
 17 single-family detached dwellings or dwelling structures
 18 designed for two-family residence the mortgage may
 19 involve a principal obligation not to exceed \$10,800
 20 per dwelling in the case of single-family detached dwell-
 21 ings, or not to exceed \$20,500 per structure in the case
 22 of two-family structures, for such part of such property
 23 as may be attributable to such dwellings or structures:
 24 Provided, That the Commissioner may by regulation
 25 increase the \$9,900 limitation by not exceeding \$900

1 *in any geographical area where he finds that cost levels*
2 *so require.”; and*

3 (4) *by inserting after the word “amended” at the*
4 *end of the second sentence of paragraph (3) of sub-*
5 *section (b): “, except that the amount to be included*
6 *in ‘actual cost’ (as defined in subsection (c) of said*
7 *section 227) as the allowance for builder’s profit where*
8 *the mortgagor is also the builder as defined by the*
9 *Commissioner shall be an amount equal to 10 per*
10 *centum of said ‘actual cost’ ”.*

11 *SEC. 402. Whenever the Secretary of Defense or his*
12 *designee shall deem it necessary, he may enter into an agree-*
13 *ment with the owner or owners thereof to purchase unimproved*
14 *land or any housing financed with mortgages insured under*
15 *title VIII of the National Housing Act, as amended. Not-*
16 *withstanding the provisions of any other law except as may*
17 *hereafter be enacted in express amendment hereof, the price*
18 *paid for any such unimproved land or housing purchased*
19 *by the Secretary of Defense or his designee under this or*
20 *any other law shall be the fair market value of such un-*
21 *improved land or housing as determined by the Secretary*
22 *of Defense or his designee on the basis of an independent*
23 *appraisal. In connection with any agreements to purchase*
24 *any such housing, the Secretary of Defense or his designee*
25 *may assume, or may purchase subject to, any such mortgage*

1 and pay in cash any difference between the outstanding
2 principal obligation of such mortgage and the fair market
3 value of such housing which in the case of new housing
4 built in conformance with specifications furnished by the
5 armed services and where there has been no deterioration
6 chargeable to the negligence or fault of the builder the fair
7 market value shall not be less than the actual cost of con-
8 struction making due allowance for normal depreciation.
9 Whenever the Secretary of Defense or his designee shall
10 deem it necessary, he may cause proceedings to be instituted
11 in any court having jurisdiction of such proceedings to
12 acquire by condemnation any unimproved land or any hous-
13 ing financed with mortgages insured under title VIII of the
14 National Housing Act, as amended, either subject to said
15 mortgages or acquiring all interest in said property. Any
16 condemnation proceedings herein provided shall be conducted
17 in accordance with the provisions of the Act of August 1,
18 1888 (25 Stat. 357), as amended, or any other applicable
19 Federal statute. Before condemnation proceedings are in-
20 stituted pursuant to this section, an effort shall be made to
21 acquire the property involved by negotiation unless, because
22 of reasonable doubt as to the identity of the owner or owners,
23 because of the large number of persons with whom it would
24 be necessary to negotiate, or for other reasons, the effort to
25 acquire by negotiation would involve, in the judgment of the

1 *Secretary of Defense or his designee, such delay in acquiring*
 2 *the property as to be contrary to the interest of national de-*
 3 *fense. In any condemnation proceeding instituted pursuant*
 4 *to this section, the court shall not order the party in possession*
 5 *to surrender possession in advance of final judgment unless*
 6 *a declaration of taking has been filed, and a deposit of the*
 7 *amount estimated to be just compensation has been made,*
 8 *under the first section of the Act of February 26, 1931 (46*
 9 *Stat. 1421), providing for such declarations. Unless title*
 10 *is in dispute, the courts, upon application, shall promptly*
 11 *pay to the owner at least 75 per centum of the amount so*
 12 *deposited, but such payment shall be made without prejudice*
 13 *to any party to the proceeding. Property acquired under*
 14 *this section may be occupied, used, and improved for the*
 15 *purposes of this section prior to the approval of title by the*
 16 *Attorney General as required by section 355 of the Revised*
 17 *Statutes, as amended.*

18 *SEC. 403. There are hereby authorized to be appro-*
 19 *priated such sums as are necessary to carry out the purposes*
 20 *of section 402 of this title.*

21 ~~TITLE V—SMOKE ELIMINATION AND AIR POL-~~
 22 ~~LUTION PREVENTION~~

23 *SEC. 501. The National Housing Act, as amended, is*
 24 *amended by adding at the end thereof a new title as follows:*

1 ~~"TITLE X—SMOKE ELIMINATION AND AIR~~
2 ~~POLLUTION PREVENTION~~

3 ~~"SEC. 1001. The Congress hereby declares that smoke~~
4 ~~elimination and air pollution prevention are important fac-~~
5 ~~tors in the prevention and rehabilitation of slums and~~
6 ~~blighted areas and in the conservation of the health and~~
7 ~~property of the people of the United States. It is the ob-~~
8 ~~jective of this title to assist in smoke elimination and air~~
9 ~~pollution prevention by providing for research and loans.~~

10 ~~"SEC. 1002. (a) The Secretary of Health, Education,~~
11 ~~and Welfare (hereinafter referred to in this title as the~~
12 ~~Secretary) shall undertake and conduct a program of tech-~~
13 ~~nical research and studies concerned with (a) causes,~~
14 ~~hazards, and effects of air pollution and excessive smoke,~~
15 ~~(b) devices, structures, machinery, equipment, and methods~~
16 ~~(including methods of selecting and using fuels) for the~~
17 ~~prevention or elimination of excessive smoke and air pollu-~~
18 ~~tion or the collection of atmospheric contaminants, and (c)~~
19 ~~guidance and assistance to States and local communities in~~
20 ~~smoke abatement and air pollution prevention and control.~~

21 ~~"(b) Contracts may be made by the Secretary for~~
22 ~~technical research and studies authorized by this section for~~
23 ~~work to continue not more than four years from the date~~
24 ~~of any such contract. Any unexpended balances of appro-~~
25 ~~priations properly obligated by such contracting may remain~~

1 upon the books of the Treasury for not more than five fiscal
2 years before being carried to the surplus fund and covered
3 into the Treasury. All contracts made by the Secretary for
4 technical research and studies authorized by this or any other
5 Act shall contain requirements making the results of such
6 research or studies available to the public through dedication,
7 assignment to the Government, or such other means as the
8 Secretary shall determine. The Secretary shall disseminate,
9 and without regard to the provisions of section 306 of the
10 Penalty Mail Act of 1948, the results of such research and
11 studies in such form as may be most useful to industry and
12 to the general public.

13 “(c) In carrying out research and studies under this
14 title, the Secretary shall utilize, to the fullest extent feasible,
15 the available facilities of existing bureaus and offices within
16 the Department of Health, Education, and Welfare, other
17 departments, independent establishments, and agencies of the
18 Federal Government, and shall consult with, and make rec-
19 ommendations to, such other departments, independent es-
20 tablishments, and agencies with respect to such action as
21 may be necessary and desirable to overcome existing gaps
22 and deficiencies in available data with respect to excessive
23 smoke and air pollution causes, prevention, and control or
24 in the facilities available for the collection of such data. For
25 the purposes of this title, the Secretary is further authorized

1 to undertake research and studies cooperatively with agen-
2 cies of State or local governments, and educational institu-
3 tions, and other nonprofit organizations, and may, in addi-
4 tion to and not in derogation of any powers and authorities
5 conferred under any other Act—

6 “(1) with the consent of the agency or organiza-
7 tion concerned, accept and utilize equipment, facilities,
8 or the services of employees of any State or local public
9 agency or instrumentality, educational institution, or
10 nonprofit agency or organization and, in connection with
11 the utilization of such services, may make payments for
12 transportation while away from their homes or regular
13 places of business and per diem in lieu of subsistence en
14 route and at place of such service, in accordance with
15 the provisions of section 5 of Public Law 600, approved
16 August 2, 1946;

17 “(2) utilize, contract with, and act through, without
18 regard to section 3709 of the Revised Statutes, any
19 Federal, State, or local public agency or instrumentality,
20 educational institution, or nonprofit agency or organi-
21 zation with its consent, and any funds available to the
22 Secretary for carrying out his functions, powers, and
23 duties under this section shall be available to reimburse
24 or pay any such agency, instrumentality, institution, or
25 organization; and, whenever necessary in the judgment

of the Secretary; he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes; and

~~“(3)~~ make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; purchase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out the Secretary's functions, powers, and duties under this title.

~~“(d)~~ In addition to the foregoing, the Secretary is further authorized, for the purposes of this title, to make arrangements for cooperative studies with industry and other private organizations, and to make grants to public and private agencies and institutions for research, training, and demonstration projects.

~~“(e)~~ There is hereby authorized to be appropriated to carry out the purposes of this section, such sums as may be necessary therefor.

~~“SEC. 1003. (a)~~ The Housing and Home Finance Administrator (hereinafter referred to in this title as the Administrator) within the limits hereinafter provided, is authorized to purchase the obligations of, and to make loans to, any business enterprise to aid in financing the purchase, installation, construction, reconstruction, or remodeling of

1 any device, structure, machinery, or equipment used or to
2 be used in connection with the enterprise's business activities
3 where the purchase, installation, construction, reconstruc-
4 tion, or remodeling would ~~(1)~~ substantially reduce the
5 amount of smoke or air pollution or contamination in the
6 community in which the device, structure, machinery, or
7 equipment is located or to be located, or ~~(2)~~ in conjunc-
8 tion with other proposed action in the community, substan-
9 tially reduce the amount of such smoke, pollution, or
10 contamination.

11 ~~“(b)~~ No financial assistance shall be extended pursuant
12 to this section unless ~~(1)~~ the financial assistance applied
13 for is not otherwise available on reasonable terms, and ~~(2)~~
14 the Administrator finds that in the community in which
15 the financial assistance is to be used there exists a work-
16 able program for effectively dealing with the problem of
17 smoke or air pollution or contamination. All securities and
18 obligations purchased and all loans made shall be of such
19 sound value or so secured as reasonably to assure retirement
20 or repayment and such loans shall be made in cooperation
21 with banks or other lending institutions through agreements
22 to participate or by the purchase of participations, or other-
23 wise.

24 ~~“(e)~~ Loans made pursuant to this section may be made
25 subject to the condition that, if at any time or times or for

1 any period or periods during the life of the loan contract
2 the business enterprise can obtain loan funds from sources
3 other than the Federal Government at interest rates as low
4 as or lower than provided in the loan contract, it may do so
5 with the consent of the Administrator at such times and for
6 such periods without waiving or surrendering any rights to
7 loan funds under the contract for the remainder of the life of
8 such contract, and, in any such case, the Administrator is
9 authorized to consent to a pledge by the business enterprise
10 of the loan contract, and any or all of its rights thereunder,
11 as security for the repayment of the loan funds so obtained
12 from other sources.

13 “(d) The loans shall be repaid within such period, not
14 exceeding twenty years, as may be determined by the Ad-
15 ministrator, and shall bear interest at a rate determined by
16 the Administrator which shall be not less than 1 per centum
17 plus the base annual rate which the Secretary of the Treasury
18 shall specify as applicable to the six-month period (beginning
19 with the six-month period ending July 31, 1955) during
20 which the contract for the loans is made: *Provided*, That
21 such base annual rate for each six-month period shall be
22 determined by the Secretary of the Treasury by estimating
23 the average yield to maturity, on the basis of daily closing
24 market bid quotations or prices during the month of May or
25 the month of November, as the case may be, next preceding

1 such six-month period, on all outstanding marketable obli-
2 gations of the United States having a maturity date of fifteen
3 or more years from the first day of such month of May or
4 November, and by adjusting such estimated average annual
5 yield to the nearest one-eighth of 1 per centum.

6 “(e) The total amount of investments, loans, purchases,
7 and commitments made pursuant to this section shall not
8 exceed \$50,000,000 outstanding at any one time.

9 “(f) There are hereby authorized to be appropriated
10 such sums as may be necessary to carry out the purposes
11 of this section. Funds made available to the Administrator
12 pursuant to the provisions of this section shall be deposited in
13 a checking account or accounts with the Treasurer of the
14 United States. Receipts and assets obtained or held by the
15 Administrator in connection with the performance of his
16 functions under this section, and all funds available for carry-
17 ing out the functions of the Administrator under this section,
18 shall be available for any of the purposes of this section,
19 including administrative expenses of the Administrator in
20 connection with the performance of such functions.

21 “(g) Not more than 10 per centum of the funds pro-
22 vided for in this section in the form of loans shall be made
23 available within any one State.

24 “(h) In the performance of, and with respect to, the
25 functions, powers, and duties vested in him by this section

1 the Administrator shall ~~(in addition to any authority other-~~
 2 ~~wise vested in him)~~ have the functions, powers, and duties
 3 set forth in section 402 ~~(c)~~, except subsection ~~(2)~~, of the
 4 Housing Act of 1950.

5 “SEC. 1004. Nothing in his title shall be construed to
 6 affect in any way the availability of amounts otherwise ap-
 7 propriated for work in the field of smoke elimination and
 8 air-pollution prevention; nor to interfere with or diminish
 9 any programs now being carried on by or through any
 10 Federal agency for such purposes.”

11 TITLE VI ~~V~~—FARM HOUSING

12 SEC. ~~601. (a)~~ 501. Title V of the Housing Act of 1949,
 13 as amended, is hereby further amended as follows:

14 ~~(1)~~ Section 501 ~~(a)~~ is amended by inserting after
 15 “Farmers Home Administration,” the phrase “and to insure
 16 loans,”.

17 ~~(2)~~ Section 502 is amended by adding the following
 18 new subparagraph ~~(c)~~:

19 “~~(c)~~ ~~(1)~~ The Secretary is authorized to insure and make
 20 commitments to insure loans made to eligible applicants
 21 for the purposes specified in this title and to take as security
 22 for the obligations entered into in connection with such
 23 loans first or second mortgages on the farms with respect
 24 to which such loans are made and such other security as
 25 may be required by the Secretary. Such mortgages shall

1 create a lien running to the United States for the benefit
2 of the insurance fund, notwithstanding the fact that the
3 note may be held by the lender or his assignee. Loans
4 insured under this section shall bear interest at the rate
5 of not exceeding $4\frac{1}{2}$ per centum per annum and shall be
6 on such other terms and conditions as the Secretary may
7 prescribe, including agreement by the Secretary to re-
8 purchase such loans whether or not in default upon such
9 terms and conditions as the Secretary shall prescribe. The
10 Secretary shall require the borrower to pay such insurance
11 charges as he deems proper, taking into account the amount
12 of the loan and any prior liens: *Provided, however, That*
13 the charge shall be payable in advance at intervals of one
14 year or less and shall be at a rate equal to at least 1 per
15 centum of the principal outstanding on the loan on any due
16 date of the charge. One-half of all insurance charges shall
17 become a part of the fund and one-half shall be deposited
18 in the Treasury of the United States and shall be available
19 for administrative expenses in connection with the insurance
20 of loans.

21 “(2) The Secretary shall utilize the insurance fund
22 created by section 11 of the Bankhead Jones Farm Tenant
23 Act, as amended, and the provisions of section 13 (b) and
24 (c) of said Act in connection with loans insured under this
25 section. The notes and security therefor acquired by the

1 Secretary shall become a part of the fund. The notes may
 2 be held in the fund and collected according to their terms
 3 or may be sold and, if necessary, reinsured. All proceeds
 4 from such collections, including the liquidation of security
 5 and the sale of notes, shall become a part of the fund.

6 ~~“(3)~~ The Secretary may utilize the fund for the pay-
 7 ment of taxes, insurance, prior liens, foreclosure expenses,
 8 and any other expenses incident to actions authorized by
 9 section 510 ~~(d)~~ and ~~(e)~~ of this title.

10 ~~“(4)~~ Any loan insured under this section shall be an
 11 obligation guaranteed by the United States as to principal
 12 and interest and the insurance agreement shall be incontest-
 13 able, except for fraud or misrepresentation of which the
 14 holder has actual knowledge.

15 ~~“(5)~~ The aggregate amount of principal obligations
 16 on loans insured under this section shall not exceed
 17 \$25,000,000 in any one fiscal year.”

18 ~~(3)~~ (1) In the first sentence of section 511 immediately
 19 following the phrase “July 1, 1953” strike out the word
 20 “and” and insert at the end of the sentence immediately
 21 before the period a comma and the following: “and an addi-
 22 tional \$100,000,000 on and after July 1, 1955”.

23 ~~(4)~~ (2) In section 512, (A) strike out “and 1954” and
 24 insert “1954, and 1955”, and (B) strike out “and \$2,000,-
 25 000” and insert “\$2,000,000 and \$2,000,000”.

1 ~~(5)~~ (3) In section 513, strike out “and \$10,000,000 on
 2 July 1 of each of the years 1950, 1951, 1952, 1953, and
 3 1954” and insert “\$10,000,000, and \$10,000,000 on July
 4 1 of each of the years 1950, 1951, 1952, 1953, 1954, and
 5 1955”.

6 ~~(b)~~ The first paragraph of section 24, chapter 6, of the
 7 Federal Reserve Act, as amended ~~(12 U. S. C., 1952 edition,~~
 8 ~~371)~~ is hereby amended by inserting after the phrase “or the
 9 Act of August 28, 1937, as amended” the following, “or title
 10 V of the Housing Act of 1949, as amended”.

11 *SEC. 502. The United States Housing Act of 1937, as*
 12 *amended, is hereby amended by adding the following sentences*
 13 *to subsection 12 (f): “Notwithstanding any other provisions*
 14 *of law, upon the filing of a request therefor within six months*
 15 *after the effective date of this sentence, the Authority may*
 16 *relinquish, transfer, and convey without monetary considera-*
 17 *tion, all its rights, title and interest in and with respect to*
 18 *any such project or any part thereof (including such land as*
 19 *is determined by the Authority to be reasonably necessary*
 20 *to the operation of such project and contractual rights to*
 21 *revenues, reserves, and other proceeds therefrom) to any*
 22 *public housing agency whose area of operation includes such*
 23 *project. Any such relinquishment shall be conditioned upon*
 24 *preference for occupancy in such projects being given first to*
 25 *low-income agricultural workers and their families and,*

1 *second, to other low-income persons and families: Provided,*
2 *That any vacant accommodations for which there are no*
3 *eligible applicants in these preference groups may be occupied*
4 *by other persons or families but shall be vacated promptly*
5 *when needed to house any such eligible applicants: Provided*
6 *further, That the project shall be so utilized, or utilized for*
7 *other public purpose, for a period of ten years from the date*
8 *of relinquishment. In any conveyance hereunder, the Author-*
9 *ity shall reserve to the United States of America all mineral*
10 *rights of whatsoever nature upon, in, or under the property*
11 *including the right of access to and use of such parts of the*
12 *surface of the property as may be necessary for mining and*
13 *saving the minerals. The Authority may dispose of any*
14 *project or part thereof not relinquished or conveyed under*
15 *this subsection, or any reversionary or other rights in any such*
16 *project, pursuant to subsection (e) of section 13 of this Act,*
17 *notwithstanding the parenthetical clause in said subsection."*

Passed the Senate June 7, 1955.

Attest:

FELTON M. JOHNSTON,

Secretary.

84TH CONGRESS
1ST SESSION

S. 2126

[Report No. 913]

AN ACT

To extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

JUNE 13, 1955

Referred to the Committee on Banking and Currency

JUNE 24, 1955

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

House of Representatives

Chamber Action

Bills Introduced: 18 public bills, H. R. 7144-7161; 8 private bills, H. R. 7162-7169; and 12 resolutions, H. J. Res. 368-374, H. Con. Res. 184-186; and H. Res. 295 and 296, were introduced. Pages 8412-8413, 8417-8418

Bills Reported: Reports were filed as follows:

H. R. 4852, a private bill (H. Rept. 1044);

Report of the Select Committee on Small Business entitled "The Small Business Administration and Related Activities—A Preliminary Report" (H. Rept. 1045);

H. R. 4744, amending the Railroad Retirement Act of 1937, as amended, and the Railroad Unemployment Insurance Act (H. Rept. 1046);

H. R. 6641, modifying the project for the Denison Reservoir on Red River in Texas and Oklahoma in order to provide for a highway bridge across Lake Texoma (H. Rept. 1047);

H. R. 6472, amending further the Public Buildings Act of 1949 to promote the redevelopment of the southwestern portion of the District of Columbia, amended (H. Rept. 1048);

H. Res. 295, providing for consideration of, 2 hours of debate on, and the waiving of points of order against, H. R. 7089, to provide benefits for the survivors of servicemen and veterans (H. Rept. 1049);

H. R. 6417, reviving and reenacting the act "Authorizing the Arkansas-Mississippi Bridge Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Friar Point, Miss., and Helena, Ark., approved May 17, 1939" (H. Rept. 1050); and

H. R. 5614, amending the Communications Act of 1934 in regard to protests of grants of instruments of authorization without hearing (H. Rept. 1051). Page 8417

State, Justice, Judiciary Appropriations: Adopted the conference report on H. R. 5502, making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for fiscal year 1956. Amendments Nos. 2, 12, 13, 27, 30, 35, 37, 46, and 49 were in disagreement. The House receded and concurred with further amendments to Senate amendments Nos. 30 and 49; and receded and concurred to the other amendments that were in disagreement. Pages 8332-8334

Reserve Forces: Passed by a voice vote H. R. 7000, to provide for strengthening of the Reserve Forces, after rejecting a motion to recommit the bill by a division vote of 52 yeas to 161 nays.

In addition to committee amendments the House adopted an amendment providing that young men who have completed high school or have reached age of 19 and who are under 20 may volunteer for Reserve duty

in lieu of induction and they shall be exempted as long as they serve as reservists.

Also adopted an amendment making qualified graduates of Navy ROTC eligible for commissions.

Rejected an antisegregation amendment by a teller vote of 105 yeas to 156 nays, while in the Committee of the Whole.

H. Res. 291, making in order the consideration of the bill, had been adopted previously. Pages 8334, 8335, 8376-8405

President's Message—Veto: Received a veto message from the President giving his reasons for withholding his approval of H. R. 5188, to prohibit publication by the Government of the United States of any prediction with respect to apple prices. The message and the bill were referred to the Committee on Agriculture and ordered printed as a House document (H. Doc. 213). Pages 8405-8406

Legislative Appropriations: By a voice vote the House passed H. R. 7117, making appropriations for the legislative branch for fiscal year 1956, without amendment.

This bill provides appropriations totaling \$66,298,175, to be allotted as follows: House of Representatives, \$31,123,305; joint offices, \$2,398,870; Architect of the Capitol, \$11,220,000; Botanic Gardens, \$246,000; Library of Congress, \$9,660,000; and Government Printing Office, \$11,650,000. Funds for the expenses of the Senate will be inserted later by the Senate. Pages 8406-8412

Subpena: Adopted H. Res. 296, relating to compliance by the Clerk of the House to a subpoena duces tecum issued by the United States District Court for the District of Columbia. Pages 8412-8413

Bills Referred: 14 Senate-passed bills were referred to appropriate committees. Page 8416

Program for Tuesday: Adjourned at 6 p. m. until Tuesday, July 5, at 12 o'clock noon. For program see Congressional Program Ahead in this DIGEST.

Committee Meetings

MILITARY REAL ESTATE

Committee on Armed Services: Subcommittee on Acquisitions and Disposals approved the following projects today—(a) emergency construction at Fort Sheridan, Ill.; (b) one Army classified emergency, and one Air Force classified emergency; (c) Navy Acquisition No. 108, at Mayport, Fla.; (d) Navy Acquisition No. 120, at San Bruno, Calif. Adjourned subject to the call of the Chair.

SCHOOL CONSTRUCTION

Committee on Education and Labor: The Kelley (Pennsylvania) subcommittee approved for reporting to the full committee H. R. 7152, to provide Federal

assistance to States for school construction programs. This subcommittee prepared a measure at the direction of Chairman Barden for full committee consideration, and held its first meeting on June 1.

GERMAN-JAPANESE CLAIMS

Committee on Foreign Affairs: An ad hoc subcommittee today held testimony on pending proposals to improve the relations of the United States with West Germany and Japan, relating to claims by those countries (H. J. Res. 264, 265, 268, and 272). Witnesses heard on the subject were Representative St. George, of New York; O. K. Armstrong, former Member of the House from Missouri; Walworth Barbour, a Deputy Assistant Secretary of State for European Affairs; Charles F. Collier, professor of international law, George Washington University; and David Ginsburg and Lykes M. Boykin, attorneys, of Washington, D. C.

MINES AND MINING

Committee on Interior and Insular Affairs: Ordered the following bills reported to the House, each amended—

H. R. 6373, to amend the Domestic Minerals Program Extension Act of 1953 in order to extend the programs to encourage the discovery, development, and production of certain domestic minerals;

H. R. 6994, to provide for entry and location, on discovery of a valuable source material, upon public lands of the United States classified as, or known to be, valuable for coal;

H. R. 7066, to provide for the conservation of anthracite coal resources through measures of flood control and anthracite mine drainage.

FRYINGPAN-ARKANSAS PROJECT

Committee on Interior and Insular Affairs: The Aspinall subcommittee heard further testimony today on H. R. 412, to authorize Federal construction, operation, and maintenance of the Fryingpan-Arkansas project in Colorado. Officials of the Bureau of Reclamation who testified were Wilbur A. Dexheimer, Commissioner; George Tomlinson, Assistant Director of the Project Development Division; Emil Lindseth, assistant regional director, region No. 7, Denver (Colo.); and Ben Powell, of the Pueblo (Colo.) office. Adjourned subject to the call of the Chair.

BILLS SIGNED BY THE PRESIDENT

New Laws

(For last listing of public laws, see DIGEST, p. D646)

H. R. 5240, fiscal 1956 appropriations for independent offices. Signed June 30, 1955 (P. L. 112).

S. 666, to extend the period of authorization of appropriations for hospital center and facilities in D. C. Signed June 30, 1955 (P. L. 113).

S. J. Res. 67, authorizing sale of certain vessels to Philippine citizens and to provide for the rehabilitation

RAILROAD RETIREMENT

Committee on Interstate and Foreign Commerce: Reconsidered, and ordered reported to the House, H. R. 4744, to remove the \$40 limitation now placed upon the amount of annuity payable to spouses of individuals under the Railroad Retirement Act, and to make the amount equal to the maximum amount which could be paid to such person under section 202 (b) of the Social Security Act (as originally introduced).

Withdrew an amendment, that was adopted to the bill when it was ordered reported last Tuesday, which included the provisions of H. R. 5702, to remove restriction on employment as to annuitants under the Railroad Retirement Act.

IMMIGRATION—PROCEDURAL COMMISSION

Committee on the Judiciary: Subcommittee No. 1 reported favorably to the full committee 8 private immigration bills of the House and reported adversely on 1 other. Also held a public hearing on H. R. 5061, to establish a Commission to be known as the Attorney General's Commission on International Rules of Judicial Procedure (to consist of five members). Witnesses heard on this proposal were Herman Phleger, legal adviser, Department of State; and Philip Amram, of the American Bar Association.

SURVIVORS' BENEFITS—HOUSING

Committee on Rules: Granted a closed rule providing for 2 hours of general debate on H. R. 7089, to furnish benefits provided under Federal law for surviving dependents of deceased members and former members of the Armed Forces. Representatives Hardy and Teague of Texas spoke on the proposal.

Voted not to grant a rule on S. 2126, the Housing Amendments of 1955. Testimony in favor on this measure was received from Representatives Brown of Georgia, Rains, McDonough, Multer, and O'Hara of Illinois. Opposition testimony was received from Representatives Wolcott, Nicholson, Talle, and Hiestand.

FEDERAL HIGHWAY CONSTRUCTION

Committee on Ways and Means: Met for executive briefing by Representative Fallon, of Maryland, in connection with H. R. 7072, the Federal-aid highway program.

of interisland commerce. Signed June 30, 1955 (P. L. 114).

S. 1718, Reserve Officer Personnel Act amendments. Signed June 30, 1955 (P. L. 115).

H. R. 2973, conveyance of land in Macon County to Georgia State Board of Education. Signed June 30, 1955 (P. L. 116).

S. 1582, to extend for 2 years the period for making of emergency agricultural loans. Signed June 30, 1955 (P. L. 117).

House Calendar No. 146

84TH CONGRESS
1ST SESSION

H. RES. 326

[Report No. 1565]

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 1955

Mr. MADDEN, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (S. 2126) to extend
5 and clarify laws relating to the provision and improvement
6 of housing, the elimination and prevention of slums, the con-
7 servation and development of urban communities, the financ-
8 ing of vitally needed public works, and for other purposes,
9 and all points of order against said bill are hereby waived.
10 After general debate, which shall be confined to the bill,
11 and shall continue not to exceed two hours, to be equally
12 divided and controlled by the chairman and ranking minor-

1 ity member of the Committee on Banking and Currency,
2 the bill shall be read and after the reading of the first sec-
3 tion of such bill it shall be in order to move to strike out all
4 after the enacting clause and insert as a substitute, the text
5 of the bill H. R. 7473, and all points of order against such
6 substitute and the committee amendments printed in the
7 bill S. 2126 are hereby waived. At the conclusion of
8 the consideration of the bill S. 2126, the Committee shall
9 rise and report the bill to the House with such amendments
10 as may have been adopted and the previous question shall
11 be considered as ordered on the bill and amendments there-
12 to to final passage without intervening motion, except one
13 motion to recommit, with or without instructions.

84TH CONGRESS
1ST SESSION

H. RES. 326

[Report No. 1565]

RESOLUTION

Providing for the consideration of S. 2126, a bill to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

By Mr. MADDEN

JULY 28, 1955

Referred to the House Calendar and ordered to be
printed

13. FARM PROGRAM. Sen. Symington charged "political manipulation in the farm program in Missouri", and Sen. Humphrey joined him in the statement (pp. 10519-29).
14. WATER POLLUTION. Sen. Duff urged water-pollution control as a means of conserving water (pp. 10529-30).
15. FARM CREDIT. H. R. 5168, the FCA bill, was made the unfinished business (p. 10546).

HOUSE - July 29

16. SUPPLEMENTAL APPROPRIATION BILL, 1956. Received the conference report on H. R. 7278 (pp. 10460-4). Attached to this Digest is a statement showing actions on the USDA items in this bill.
17. HOUSING. Passed, 396 to 3, S. 2126, the housing bill, with an amendment by Rep. Wolcott in the nature of a substitute (pp. 10444-43). The Wolcott amendment, which was agreed to by a vote of 217 to 188, does not include the provision for continuation of the farm housing program which has been authorized for administration by this Department. House and Senate conferees were appointed (pp. 10443, 10505).
18. SUGAR. Agreed to a resolution/^{to} provide for debate on H. R. 7030, to amend and extend the Sugar Act (pp. 10445-6).
19. DEFENSE PRODUCTION. Began debate on H. R. 7470, to amend and extend the Defense Production Act (pp. 10445-50).
20. FARM LABOR. Agreed to the conference report on H. R. 3822, which provides for a $3\frac{1}{2}$ year extension (until June 30, 1959) of the Mexican farm-labor program, relieves employers of double liability for the cost of returning a worker to Mexico where the employer has paid once for such movement but the Mexican does not return and is later apprehended, and specifies that the Secretary of Labor is to obtain information on the availability of domestic workers, prevailing wage rates, and labor shortages in the area, then post publicly the number of workers to be imported (p. 10401). This bill will now be sent to the President.
21. SURPLUS COMMODITIES. Agreed to the conference report on H. R. 2851, to authorize the Secretary of Agriculture, until June 30, 1957, upon request of a State Governor, to distribute to the State wheat flour and corn meal owned by CCC using Sec. 32 funds limited to \$15 million a year (p. 10402). This bill will now be sent to the President.
22. PERSONNEL. House conferees were appointed on H. R. 4048, making recommendations to the States for legislation to permit and assist Federal personnel to vote (pp. 10444-5).
23. WATER RESOURCES. Agreed to the conference report on H. R. 3990, to authorize the Interior Department to investigate and report to Congress on projects for the conservation, development, and utilization of water resources of Alaska (pp. 10394-5). This bill will now be sent to the President.
24. PERSONNEL. Passed as reported H. R. 7618, to increase annuities of retired employees by 12% on the first \$1,500 and 8% thereafter up to \$4,000, with a gradual reduction in the increases until they end on Dec. 31, 1957 (pp. 10395-6).
25. WATER COMPACT. Passed as reported S. 2660, consenting to a compact among Ark.,

- Tex.,
La.,/and Okla. regarding Red River basin waters (p. 10395).
The Public Works Committee reported with amendments H. R. 6256, consenting to a compact of Kans. and Okla. regarding Arkansas River Basin waters (H. Rept. 1592)(p. 10466).
26. RECLAMATION. House conferees were appointed on H. R. 5881, to provide for Federal cooperation in non-Federal reclamation projects, etc. (p. 10395). Senate conferees were appointed July 28.
Rep. Pfost spoke in favor of the Hells Canyon project (p. 10402).
Received from the Interior Department a report on the Ventura project, Calif. (H. Doc. 222); to Interior and Insular Affairs Committee (p. 10465).
The Interior and Insular Affairs Committee reported without amendment S. 180, to authorize the Washita River Basin project, Okla. (H. Rept. 1582)(p. 10466).
27. SURPLUS PROPERTY; CIVIL DEFENSE. Passed as reported H. R. 7227, to amend the Federal Property and Administrative Services Act of 1949 so as to authorize disposal of surplus property for civil defense purposes (pp. 10396-7).
28. PROPERTY; TAXATION. Passed without amendment H. R. 6182, to amend the Federal Property and Administrative Services Act so as to make temporary provision for payments in lieu of taxes with respect to certain real property transferred by RFC to other Government departments (pp. 10397-401).
29. FARM-CITY WEEK. Rep. Ashmore requested consideration of H. J. Res. 317, to provide for Farm-City Week, but Rep. King, Pa., objected (p. 10404).
30. PUBLIC LANDS; MINING. House and Senate conferees were appointed on H. R. 100, to permit the mining, development, and utilization of mineral resources of all public lands withdrawn or reserved for power development (pp. 10445, 10530).
31. REORGANIZATION; PAPERWORK. Rep. Holifield criticized the Hoover Commission procedure in connection with the study on paperwork (pp. 10457-9).
32. WILDLIFE CONSERVATION. The Merchant Marine and Fisheries Committee reported without amendment S. 756, to authorize the appropriation of accumulated receipts in the Federal-aid wildlife-restoration fund (H. Rept. 1756)(p. 10466).
33. LIBRARY SERVICES. The Education and Labor Committee reported without amendment H. R. 2840, to promote the further development of public library service in rural areas (H. Rept. 1587)(p. 10466).

ITEMS IN APPENDIX - July 29

34. SUGAR. Rep. Utt inserted the testimony of Oscar L. Chapman on the sugar bill (pp. A5612-14).
35. TOBACCO. Rep. Lankford inserted an editorial favoring purchase of Swiss products so as to enable the Swiss to purchase American tobacco (p. A5614).
36. PERSONNEL. Rep. Hoffman inserted a Saturday Evening Post article, "Loyalty Boards Can Err, but We Still Need Them"(p. A5622).
37. FARM PROGRAM. Sen. Humphrey inserted a Democratic Digest article charging "pledges and hedges" regarding the farm program by the administration (pp. A5624-5).

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the provisions of the act of July 17, 1953 (67 Stat. 177), as amended and extended by the act of July 26, 1954 (68 Stat. 531), shall remain in full force and effect until 6 months after the termination of the national emergency proclaimed by the President on December 16, 1950, or until such date as may be specified by a concurrent resolution of the Congress, or until July 1, 1956, whichever is earliest.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHANGING NAME OF GARZA-LITTLE ELM DAM, TEX.

Mr. WRIGHT. Mr. Speaker, by direction of the Committee on Public Works I ask unanimous consent for the present consideration of the bill (H. R. 6102) to change the name of Garza-Little Elm Dam, located in Denton County, Tex., to Lewisville Dam.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the dam, known as Garza-Little Elm Dam, in Denton County, Tex., shall hereafter be known as Lewisville Dam and any law, regulation, document, or record of the United States in which such dam is designated or referred to under the name Garza-Little Elm Dam shall be held to refer to such dam under and by the name of Lewisville Dam.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVEYANCE OF LAND WITHIN GRAPEVINE DAM AND RESERVOIR PROJECT, TEXAS

Mr. WRIGHT. Mr. Speaker, by direction of the Committee on Public Works, I ask unanimous consent for the immediate consideration of the bill (H. R. 6634) to provide for the conveyance of one and eighth-tenths acres of land, more or less, within the Grapevine Dam and Reservoir project to the city of Grapevine, Tex., for sewage disposal purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Army is authorized and directed to convey to the city of Grapevine, Tex., a portion of tract A-28 within the Grapevine Dam and Reservoir project, not to exceed two acres, required by the city for the expansion of its sewage treatment plant located on adjoining land belonging to the city, the conveyance to be by quitclaim deed and without monetary consideration therefor, but on condition that in the event the property so conveyed shall fail or cease to be used for

disposal purposes, the title thereto shall revert to and revest in the United States; and subject to such reservations, including flowage easements, restrictions, terms, and conditions, as the Secretary of the Army determines to be necessary in the interest of the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RECONVEYANCE OF LANDS IN CERTAIN RESERVOIR PROJECTS IN TEXAS

Mr. WRIGHT. Mr. Speaker, by direction of the Committee on Public Works, I ask unanimous consent for the present consideration of the bill (H. R. 7195) to provide for the reconveyance of lands in certain reservoir projects in Texas to former owners of such lands.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That (a) the Secretary of the Army is authorized and directed to sell any land, or interest therein, acquired by the United States for or in connection with the reservoir projects as identified in section 2 of this act, to former owners of such land, whenever (1) he shall determine that such land or interest is not required for public purposes, and (2) he shall have received an application for reconveyance as hereinafter provided.

(b) The Secretary shall give notice, in such manner (including publication) as he shall by regulation prescribe, to the former owner of such land or interest, and any such sale of any such land or interest shall be made only after the Secretary has received an application for the reconveyance of such land or interest from such former owner, in such form as he shall by regulation prescribe. Such application shall be made within a period of 90 days following the date of issuance of such notice, but on good cause the Secretary may waive this requirement.

(c) Any reconveyance of land or interest therein made under this act shall be subject to such exceptions, restrictions, and reservations (including a reservation to the United States of flowage rights) as the Secretary may determine are in the public interest, except that no mineral rights may be reserved in said lands unless the Secretary finds that such reservation is needed for the promotion of the efficient operation of the reservoir projects listed in section 2 of this act.

(d) Any land or interest therein reconveyed under this act shall be sold for an amount determined by the Secretary to be equal to the price for which the land was acquired by the United States, adjusted to reflect (1) any increase in the value thereof resulting from improvements made thereon by the United States (the Government shall receive no payment as a result of any enhancement of values resulting from the construction of the reservoir projects listed in section 2 of this act), or (2) any decrease in the value thereof resulting from (A) any reservation, exception, restriction, and condition to which the reconveyance is made subject, and (B) any damage to the land or interest therein caused by the United States.

(e) The requirements of this section shall not be applicable with respect to the disposition of any land, or interest therein, described in subsection (a) if the Secretary

shall certify that notice has been given to the former owner of such land or interest as provided in subsection (b) and that no qualified applicant has made timely application for the reconveyance of such land or interest.

(f) As used in this section, the term "former owner" means the person from whom any land, or interest therein, was acquired by the United States, or if such person is deceased, his spouse, or if such spouse is deceased, his children.

SEC. 2. The reservoir projects to which this act is applicable are: Belton Reservoir, Texas; Benbrook Dam and Reservoir, Texas; Garza-Little Elm Dam and Reservoir, Texas; Grapevine Dam and Reservoir, Texas; Whitney Reservoir, Texas.

SEC. 3. The Secretary of the Army may delegate any authority conferred upon him by this act to any officer or employee of the Department of the Army. Any such officer or employee shall exercise the authority so delegated under rules and regulations approved by the Secretary.

SEC. 4. Any proceeds from sales made under this act shall be available for use in administering the provisions of this act and any surplus shall be covered into the Treasury of the United States as miscellaneous receipts.

SEC. 5. This act shall terminate 3 years after the date of its enactment.

Page 1, strike out lines 3, 4, 5, and 6 and insert in lieu the following:

"That (a) in order to provide for adjustments in the lands or interests in lands heretofore acquired for the reservoir projects identified in section 2 of this act to conform such acquisition to a lesser estate in lands now being acquired to complete the real estate requirements of the project, the Secretary of the Army is authorized to reconvey any such land or interests in land heretofore acquired to the former."

Page 1, line 7, following the word "land," insert the following: "or the grantee, devisee, or successor in title of said former owners of contiguous property when rights to such property are, in the opinion of the Secretary of the Army, equitably superior in said successors in title."

Page 1, line 8, following the word "purposes," insert "including public recreational purposes,".

Page 2, line 2, following the word "interest," insert the following: "or the grantee, devisee, or successor in title of said former owner of contiguous property when rights to such property are, in the opinion of the Secretary of the Army, equitably superior in said successors in title."

Page 2, line 3, strike out the word "sale" and insert in lieu thereof "reconveyance."

Page 3, line 6, add the following:

"In addition, the cost of any surveys necessary as an incident of such reconveyance shall be borne by the grantee."

Page 4, line 4, strike out entire section 4 and insert in lieu the following:

"SEC. 4. Any proceeds from reconveyances made under this act shall be covered into the Treasury of the United States as miscellaneous receipts."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time, and passed.

The title was amended so as to read: "A bill to provide for adjustments in lands or interests therein acquired for reservoir projects in Texas, by the reconveyance of certain lands or interests therein to the former owners thereof."

A motion to reconsider was laid on the table.

REPORT FROM COMMITTEE ON WAYS AND MEANS

Mr. COOPER. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight to file reports on such bills as it may order reported today.

The SPEAKER. Is there objection? There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. McBride, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 7117. An act making appropriations for the legislative branch for the fiscal year ending June 30, 1956, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CLEMENTS, Mr. CHAVEZ, Mr. HAYDEN, Mr. BRIDGES, and Mr. SALTONSTALL to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 6232. An act to include as Spanish-American War service under laws administered by the Veterans' Administration certain service rendered by Stephen Swan Ogletree during the Spanish-American War.

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the Senate to bills of the House of the following titles:

H. R. 4249. An act for the relief of Orrin J. Bishop; and

H. R. 4778. An act to provide for the purchase of bonds to cover postmasters, officers, and employees of the Post Office Department and mail clerks of the Armed Forces, and for other purposes.

NATIONAL FARM-CITY WEEK

Mr. ASHMORE. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 317 designating the last week in October of each year as National Farm-City Week.

The Clerk read the title of the bill.

Mr. HALLECK. Mr. Speaker, reserving the right to object, may I inquire whether or not this proposal has been cleared with the minority members of the committee involved or with the minority leaders?

Mr. ASHMORE. It has been.

Mr. KING of Pennsylvania. Mr. Speaker, I object.

HOUSING AMENDMENTS OF 1955

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 326 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read and after the reading of the first section of such bill it shall be in order to move to strike out all after the enacting clause and insert as a substitute, the text of the bill H. R. 7473, and all points of order against such substitute and the committee amendments printed in the bill S. 2126 are hereby waived. At the conclusion of the consideration of the bill S. 2126, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

Mr. MADDEN. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Illinois [Mr. ALLEN] and at this time I yield myself 10 minutes.

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, this resolution calls up the rule for debate and consideration of S. 2126, known as the housing legislation. The legislation calls for the improvement and expansion of suitable housing for low and middle-income groups, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works and for other purposes. The time set by the Rules Committee for general debate is 2 hours which will be divided equally between the chairman and ranking member of the Banking and Currency Committee.

Members of Congress are all familiar with the fact that home construction plays an important role in our economy. In spite of propaganda and false information to the contrary, home building in the metropolitan and industrial centers throughout the United States is far below the needs of millions who are in dire need of suitable living quarters for themselves and families. It is estimated by surveys made in urban areas that one-third of our housing units are substandard.

If approximately 1½ million low-rent and low-priced housing units were built between now and 1970, we would still have at that time, over 14 million substandard dwellings throughout the country. In the last few years, by reason of the indifferent attitude of the Congress, the program for low-priced housing has been reduced and diminished. This fact

is revealed by the records which show that public housing in 1954 was 50 percent less than in 1953. And in 1953 it was but one-half of the low-priced housing construction in 1951. Under the Housing Act of 1949 which the late Senator Robert Taft helped write, 135,000 low-priced units were permitted to be built annually. At that time, substantial evidence was presented before both the committees of the Senate and the House that 200,000 units would be needed to provide suitable living conditions for millions in industrial and urban areas who were raising families in slums and substandard homes.

During the period after World War II, almost all the low-priced housing which was erected, was too small for a family of more than 2 or 3. We learn now that the families of returning veterans have expanded and increased to such an extent that thousands of 3-bedroom homes are now needed for low-income groups. It has been testified before the Committee by mayors and experts on housing conditions that it is impossible for a low-income family to buy a 3-bedroom house for less than \$12,000. These houses are far beyond the income of most families and cannot provide for their urgent needs. If an average factory worker makes \$75 per week, 20 percent of his wages must go for housing which would be approximately \$65 a month. The Bureau of Labor Statistics stated that in the last quarter of 1954, the average \$12,000 house in a metropolitan area would cost \$125 per month minimum to the purchaser. This is far beyond the reach of millions of low-income workers throughout America. Public Housing Commissioner Slusser testified before the committee that public housing has a great impact in preventing juvenile delinquency; that it is very helpful and beneficial to the communities. He also testified that on surveys made in different cities, police calls, fire calls and other services are far less than in areas where public housing and standard residential conditions are enjoyed by the people. Mr. Slusser also testified that the surveys made by his department bring out the fact that public housing has been the best slum-clearance weapon that the Government has had so far.

It is astounding to realize that our Government has not carried out its commitments in regard to aiding millions to secure adequate housing. Six years have passed since the 1949 act which called for 135,000 units. By this time, if that act were followed through, 810,000 units should have been built and occupied. It is astounding to know that only 350,000 have been authorized during this time and but only 164,000 have been actually built. From these figures, our commitments are about 650,000 short of what was provided for in the 1949 act. This bill also provides for public-facility loans. For 21 years the public agency division of the RFC assisted sewage and water districts throughout the country to obtain these necessary public facilities

services. One and one-half billion dollars were loaned for this municipal service without a loss. During the last few years, this necessary governmental function to improve public facilities has come almost to a standstill. Out of 308 applicants for public facility loans in 1954, only 7 were processed by the department. The American Municipal Association representatives made up of over 12,000 cities throughout the country, which were represented by Mayor Clark at the hearings, stated that there is immediate need today in metropolitan areas for over 200,000 low-rent public housing units. It is indeed unfortunate that this bill has been so long delayed in this session of Congress that the Members are compelled to debate and consider it at these closing hours of the first session of the 84th Congress.

Candidate Eisenhower in the fall of 1952, made beautiful speeches in New York and Chicago, regarding the need for adequate public housing for the lower income groups. The Democratic platform also endorsed the 1949 Public Housing Act which called for 84,000 units.

The mayor of my home city, Gary, Ind., testified that the city is in a crisis as far as slum clearance is concerned. The reason is that the city has no adequate low-income public housing to accommodate the tenants who are removed from the slum and substandard areas.

The hearings before the Banking and Currency Committee reveal by witness from the Municipal League representing 12,000 cities and towns that they are in a critical low-income housing scarcity. I hope this bill is passed as reported out of the banking and currency as sponsored by Chairman Spence.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Maryland [Mr. HYDE].

Mr. HYDE. Mr. Speaker, I take these few moments to urge upon the Congress the necessity for taking some action before it adjourns which will enable the officials of the District of Columbia adequately to cope with the transit strike which has been paralyzing the Nation's Capital for nearly a month.

Overnight developments would seem to indicate that the Congress must at least give the District Commissioners authority to take whatever action becomes necessary in order to prevent an indefinite paralysis of public transportation.

I strongly urge upon the Congress not to adjourn without some action on this troublesome problem.

Mr. MADDEN. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Speaker, I am not going to attempt to make any extended remarks on this subject at this time. I think this House knows what the issue is, and it is going to be up to the House today to reaffirm its traditional stand on this difficult question of public housing or to recede and turn coat from that traditional position.

As I understand, there will be an amendment offered by the gentleman from Michigan [Mr. Wolcott] which

would retain and continue the provisions of the Housing Act that are necessary and desirable to so many people. The public housing will be left out of that if the House sees fit to adopt the Wolcott amendment.

Mr. Speaker, public housing, as the result of the action of this committee and this House for the past 3 or more years is dead. This committee bill would revive it. The Wolcott amendment would keep it the corpse that it is. I just cannot believe that this House, even though it is anxious to adjourn, is going to change its position at this time.

There are so many reasons that I could reiterate here if it were necessary, but I do not think it is necessary.

Mr. Speaker, when the roll is called, I hope that the Members of the House will place the welfare of the country above any desire to adjourn, and that the House will maintain its traditional position on this question of public housing.

Back during the early days of the Roosevelt administration the construction of low-rent public housing was first authorized. The bill set up housing authorities for the announced purpose of replacing the slums in our great metropolitan centers with modern housing at low rentals that low-income families could afford. The housing was to be built with funds received from the sale of Government-backed, tax-exempt bonds. Since the rental was to be based upon ability to pay and only people with low incomes were to be eligible for occupancy, the cost of maintaining and operating these housing units and retiring the bonds would be more than the income from them. This difference was to be made up by an appropriation by Congress each year; in other words, by other taxpayers.

In actual practice, although thousands of these units were built, the slum dwellings in the big cities, with few exceptions, were not torn down. Also, the Public Housing Administration got more and more ambitious, as governmental bureaus have a way of doing, and began expanding all over the country in areas far removed from big city slums.

The House finally rebelled against the fantastically mounting cost of the program and for the past 3 years has refused to continue it, only to have the Senate insist upon restoring it, with a resulting compromise.

Personally, we have opposed this program from its inception. Our opposition is based on the following facts:

First. The cost of the program is prohibitive. For example, it was shown in the hearings that if the Government built the housing requested in the overall program and then gave them outright to the tenants, it would save \$14 billion. That "saving" illustrates the astronomical costs involved.

Second. It is unsound for any agency to be able to issue its own Government-backed bonds without coming back to the Congress for approval. Such a practice could destroy the credit of the Government.

Third. It kills the initiative of the individual. For, once a person becomes a tenant, he cannot substantially improve

his lot in life without being removed from his house as above the income limit.

Fourth. It is unjust and unfair for the Government to tax one individual, who is frugal and industrious and builds his own modest little home, to furnish a man who works alongside him, but who is not frugal and industrious, a better home than the taxpayer can afford.

Fifth. Such a program results in the regimentation of the tenants, for it was disclosed in the hearings that in many instances the tenants were required to vote "right" or face removal. This is governmental regimentation at its worst.

Sixth. But aside from the merits of the legislation, there is another very serious objection. The Supreme Court recently held that, since these projects involved Federal funds, there could be no segregation of the races in them. This simply means that the widespread construction of these units would furnish additional causes for friction among our white and colored people, which is already bad enough with the Supreme Court ruling on school segregation.

Since my people believe in segregation of the races in housing as well as in the schools, this simply means that they would be taxed to build and maintain this type of housing for other sections, for assuredly they would not tolerate the construction of integrated housing.

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

(Mr. COLMER asked and was given permission to revise and extend his remarks.)

CALL OF THE HOUSE

Mr. COLMER. Mr. Speaker, this is a very important matter, and I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently no quorum is present.

Mr. SIKES. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 139]

Anfuso	Hoffman,	Radwan
Barden	Ill.	Reece, Tenn.
Buchanan	Kearney	Reed, N. Y.
Celler	Krueger	Rivers
Chipfield	McGregor	Shelley
Clevenger	Morrison	Sheppard
Dingell	Mumma	Tuck
Eberharter	Perkins	Vursell
Gray	Phillips	Whitten
Gregory	Powell	Williams,
Hillings	Prouty	N. J.

The SPEAKER. On this rollcall 405 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

REPORT OF BOARD OF VISITORS TO THE UNITED STATES COAST GUARD ACADEMY

Mr. GARY submitted the following report of the Board of Visitors to the United States Coast Guard Academy, New London, Conn., May 6, 1955:

The PRESIDENT OF THE SENATE.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

GENTLEMEN: Pursuant to section 194 of title 14 of the United States Code, the following Senators and Members of the House of Representatives were designated to constitute the 1955 Board of Visitors to the United States Coast Guard Academy:

By the President of the Senate: Senator PRESCOTT BUSH, Republican, Connecticut.

By the chairman of the Senate Committee on Interstate and Foreign Commerce: Senator JOHN O. PASTORE, Democrat, Rhode Island; Senator WILLIAM A. PURTELL, Republican, Connecticut.

By the Speaker of the House of Representatives: Representative J. VAUGHAN GARY, Democrat, Virginia; Representative FRANCIS E. DORN, Republican, New York; Representative JOHN J. ALLEN, Jr., Republican, California.

By the chairman, House Committee on Merchant Marine and Fisheries: Representative EDWARD A. GARMATZ, Democrat, Maryland; Representative LEONOR K. SULLIVAN, Democrat, Missouri.

Ex-officio members: Senator WARREN A. MAGNUSON, Democrat, Washington (chairman, Senate Committee on Interstate and Foreign Commerce); Representative HERBERT C. BONNER, Democrat, North Carolina (chairman, House Committee on Merchant Marine and Fisheries).

A meeting of the Board of Visitors was held at the Academy on May 6, 1955. The following members of the Board were present: Senator WILLIAM A. PURTELL, Republican, of Connecticut; Representative FRANCIS E. DORN, Republican, of New York; Representative J. VAUGHAN GARY, Democrat, of Virginia; Representative HERBERT C. BONNER, Democrat, of North Carolina; Representative JOHN J. ALLEN, Jr., Republican, of California; Representative EDWARD A. GARMATZ, Democrat, of Maryland.

The following officials of the United States Coast Guard, headquarters, were also present: Vice Adm. A. C. Richmond, Commandant; Rear Adm. W. W. Kenner, Chief of the Office of Personnel; Capt. Allen Winbeck, Assistant Chief of the Office of Personnel; Capt. W. P. Hawley, Chief of the Personnel Training and Procurement Division; and Capt. A. J. Hesford, Liaison Officer.

INSPECTION TOUR OF GROUNDS AND BUILDINGS

Upon arrival at the Academy the Board, accompanied by Rear Adm. R. J. Mauerman, Superintendent of the Academy, and members of his staff, made an inspection tour of the Academy grounds and buildings. A battalion review was taken by all members of the Board. The Board then had luncheon with the Corps of Cadets.

MEETING OF THE BOARD

Following luncheon, the Board members were joined by Admiral Richmond, Admiral Mauerman, and Capt. L. H. Bakef, Assistant Superintendent of the Academy, in formal session during which the Honorable J. Vaughan Gary was elected Chairman of the Board. The general comments and specific recommendations arrived at by the Board are herewith presented for the serious consideration of the Members of the Senate and the House of Representatives:

GENERAL COMMENTS

The matter of possible sources of procurement for officers of the Coast Guard was discussed. Licensed officers of the merchant marine, and college graduates and enlisted men attending officer candidate school are the sources presently used, outside the regular Academy. Seventy percent of the officers commissioned in the regular Coast Guard come from the cadet corps each year.

The suggestion was made that all members present do everything possible to interest their colleagues in disseminating infor-

mation about the Coast Guard to eligible constituents.

The Board discussed the physical facilities of the Academy and the Superintendent listed the following needs in order of priority.

Installation of an oil-burning boiler and tanks to replace present heating plant. (Cost approximately \$190,000, but this would be offset within 5 years by the saving in manpower and fuel.)

Construction of a new messhall to adequately provide for all cadets. (Cost approximately \$270,000.)

Extension of present dormitory to house entire cadet corps. Many students live in temporary wooden barracks and adequate quarters should be provided. (Cost approximately \$1 million.)

Heating of field house to permit use of this as a drill hall in winter weather. (Cost approximately \$10,000.)

The completion of these items would place the facilities of the Academy in good condition. The expansion is necessary since the plant was originally designed to hold approximately 200 cadets, and the student body runs over 500 every year, necessitating the use of the temporary buildings constructed during World War II.

The Board also met in informal private session with the principal battalion officers of the corps of cadets without the presence of officials of the Coast Guard. The Board was impressed with the character and caliber of the members of the cadet corps, and with the high morale evident among the cadets.

In the discussion with the cadets, the following improvements were suggested:

Improvement in room lighting for study purposes (funds have been requested for this item; estimate \$7,500).

Additional showers room in gymnasium for visiting teams (if funds can be made available in fiscal 1956, this will be accomplished; estimate \$6,000).

Additional squash courts (in view of other priorities, this cannot be accomplished at present; estimate \$25,000).

Questions on curriculum, honor system, class spirit, and fraternization are all under study by the Advisory Committee, the Academic Board, and the Superintendent. The question of longevity credit for time served as a cadet was presented. Various legislative bills to secure such credit have been introduced from time to time, but to date none have passed.

During the course of the visit individual members of the Board arranged for private interviews with the members of the Cadet Corps from their respective districts. These discussions bore out the general impression of the high standards of the Academy and its curriculum, and the superior quality of its staff and Cadet Corps. The Board found that almost all States and Territories of the United States are represented in the Cadet Corps, even though entrance to the Academy is gained only by means of a nationwide competitive examination.

SPECIFIC RECOMMENDATIONS

1. The installation of two new oil-burning boilers in the heating plant to replace the present coal-burning plants. This will result in a saving of manpower and fuel costs, and will eliminate the necessity of costly and uneconomical repairs to the present system.

2. Construction of a new cadet mess hall large enough to accommodate 560 cadets. The galley has been completed, but at present it is necessary to use three connected mess halls to accommodate the cadets and officer candidates.

3. Construction of a new extension on the dormitory to house the expanded Cadet Corps. The cadets are now crowded 3 in a room and it is necessary to use a 3-story

World War II temporary barracks to accommodate the overflow.

4. Heating of the fieldhouse which is used as a drill hall to permit its use during the winter weather. All of these items are carried on the agenda for action at such time as funds can be made available.

CONCLUSION

The Board is pleased to enter upon the record its admiration of the excellent morale and spirit that exists throughout the Academy.

The Board commends the Superintendent, Rear Adm. R. J. Mauerman, and his staff for their untiring efforts in maintaining the high standards in evidence of this outstanding institution.

The Board wishes to extend its thanks to Vice Adm. A. C. Richmond, commandant; Rear Adm. W. W. Kenner, Chief of the Office of Personnel; Capt. Allen Winbeck, Assistant Chief of the Office of Personnel; Capt. W. P. Hawley, Chief of the Personnel Training and Procurement Division, and Capt. A. J. Hesford, liaison officer, for the assistance rendered by them.

The Board earnestly recommends to all Members of the Senate and House of Representatives that they assist in every way possible in bringing the Coast Guard Academy to the attention of eligible candidates, and urging their constituents to participate in the nationwide competitive examination held on the fourth Monday and Tuesday in February each year.

The Chairman and members of the Board wish to express their appreciation to the battalion officers and other members of the Cadet Corps for their very helpful assistance in enabling the Board to understand fully all aspects of the functioning of the Academy.

The Board strongly recommends to all Members of the Senate and House of Representatives that at a convenient opportunity they visit the institution, inspect its grounds and buildings, classrooms and laboratories, and judge for themselves its facilities and needs. There is every reason to be proud of the plant, equipment, and accomplishments of the Coast Guard Academy.

J. VAUGHN GARY, *Chairman*.
FRANCIS E. DORN.
HERBERT C. BONNER.
WILLIAM A. PURTELL.
JOHN J. ALLEN, Jr.
EDWARD A. GARMATZ.

HOUSING AMENDMENTS OF 1955

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Connecticut [Mr. MORANO].

(Mr. MORANO asked and was given permission to revise and extend his remarks.)

Mr. MORANO. Mr. Speaker, yesterday, July 28, the Senate confirmed, among other nominations, the nominations of the Honorable Brooks HAYS, of Arkansas, and the Honorable CHESTER E. MERROW, of New Hampshire, to be representatives of the United States to the 10th session of the General Assembly of the United Nations. I wish to commend our President for having made these two splendid choices. Both of these distinguished colleagues are conscientious and hardworking members of the Foreign Affairs Committee, and will bring to their new assignment at the United Nations rich experience in the field of international organization affairs.

In the fall of 1953, along with the distinguished gentleman from Michigan [Mr. BENTLEY], I had the honor of serving as a member of a special study mission of the Foreign Affairs Committee, under the chairmanship of the distinguished gentleman from New Hampshire [Mr. MERROW], which visited all of the specialized agencies of the United Nations in Europe. The study mission filed a very thorough report, House Report 1251, 240 pages in length, covering the relations of the United States and the Specialized agencies of the United Nations and also other international organizations in which the United States participates. During the 83d Congress, thorough and exhaustive hearings were conducted by the Subcommittee on International Organizations and Movements, under the chairmanship of Mr. MERROW, and of which Mr. HAYS was a member. These hearings were held during both the first and second sessions and the printed copies are still in great demand by the public and officials throughout the Government. The hearings reflect the painstaking efforts which the chairman, Mr. MERROW, took in placing all the facts before the public in a spirit of complete fairness.

Truly, Mr. Speaker, these two distinguished members of the Foreign Affairs Committee are eminently fitted to represent the United States at the forthcoming session of the General Assembly of the United Nations. I feel certain they will bring to this assignment the same zeal, the same diligence, the same statesmanship, and the leadership which they have constantly demonstrated as members of the House Foreign Affairs Committee.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Idaho [Mr. BUDGE].

(Mr. BUDGE asked and was given permission to revise and extend his remarks.)

Mr. BUDGE. Mr. Speaker, although the parliamentary situation is somewhat confusing, it is my intention to offer an amendment either to the Wolcott substitute or to the committee bill which will grant the Atomic Energy Commission the same right as the Secretary of Defense in making certifications for assisting in financing housing in areas where the Atomic Energy Commission shall find that acute shortages exist.

The purpose of the amendment would be to give the Atomic Energy Commission this right, even though it may never be used, so that in the event its utilization should become necessary the Commission will have the statutory authority.

Mr. MADDEN. Mr. Speaker, I yield such time as he may desire to the gentleman from Louisiana [Mr. BOGGS].

(Mr. BOGGS asked and was given permission to revise and extend his remarks.)

[Mr. BOGGS addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. MADDEN. Mr. Speaker, I yield 10 minutes to the gentleman from Virginia, [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, here we go again on the famous socialized public-housing project which we have been dealing with for the past 5 years. This House has defeated it repeatedly. The other body has put it back in. It has always gone to conference, and we have gotten beaten in conference, of course. Last year we repealed public housing. We repealed the authorization for public housing. Public housing is as dead as a doornail, and the simple question that is going to be presented to the House on this measure is whether or not you propose to reenact a measure that this House has four times repudiated and once repealed.

That is the question that is going to be presented. And the way it is going to be presented is by this method of having a very popular bill come up in connection with a very unpopular bill and trying to have the popular bill carry the unpopular bill. And if it does not do it, get it over into the other body and have it put on over there and come back with it.

This bill as framed undertakes to carry along the weak and repealed and repudiated socialized housing in the popular bill for FHA. And, as I say, if it does not do that here they propose to go over to the other body and after conference bring it back to us here, when nobody is looking, when everybody is busy with something else, and pass it; which will have the effect of reenacting the repudiated housing bill. That looks like skulduggery and I am opposed to all skulduggery, except when I am a party to it. I just do not like the other fellow's skulduggery.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. HOFFMAN of Michigan. I just want to say that I never knew the gentleman to be engaged in any skulduggery.

Mr. SMITH of Virginia. Well, I do not publish it.

I want to tell the House what has happened on public housing. It was enacted in 1949. The House discovered that it was socialism, pure and simple, when it came here. Those were the days of the Fair Deal, you know. And my friends on the Republican side made a noble fight to defeat that piece of socialistic legislation. And we came within four votes of defeating the original bill.

Then we came along in 1951, and the Gossett amendment was put in to strike it out of the appropriation bill. My friends on that side made a noble fight again for honest democratic government. We defeated it 181 to 113.

Then again in 1952, on the Fisher amendment, my conservative, solid, sound Republican friends on that side of the aisle, before we had elected Mr. Eisenhower, made another noble fight and it was defeated again by 192 to 168.

In 1953 we repealed it by a vote of 245 to 157. Last year we voted it down again by a vote of 211 to 176.

Of course, we are going to have to fight socialism all through the years. You will be fighting it when I am gone from this

floor, and I hope you will continue the fight. We are fighting it again this time and I am appealing to my friends on that side of the aisle, who went to the country in 1952 and gave the country great hope that they, the great conservative party of the country, were going to restore to us sound government and sound financing. I wonder if they are going to do it today. Some of them have not been doing it and I have chided them before and I warned them before. I do not understand why you do not understand it. You lived with the New Deal for 20 years. You lived with the Fair Deal for 10 years. Those boys have the experience and the knowledge. You cannot come here and out-deal them with the Ike deal; you cannot do it. You keep on trying and you are losing a lot of friends who believe in sound, conservative government. I just hope that you are going to stand up with your other conservative friends and restore our faith, which we have had in your philosophy of sound government and vote down this public housing.

Do you know what public housing is? I know our old Members do; some of the new Members do not. But put in its simplest terms, here is what the socialized public housing in this bill contains, in its simplest terms, in one sentence: It taxes one citizen and takes the money out of his pocket to pay the house rent of another citizen.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from New York.

Mr. TABER. Does the gentleman know and does the House know that if we go ahead with this setup and keep going on with it year after year the cost will run to \$8 billions to the Federal Government for subsidies?

Mr. SMITH of Virginia. I think the gentleman minimizes the figure. It has been estimated before the Rules Committee it will run as high as \$18 billions before this program is concluded.

Mr. TABER. That may be, and that makes it worse.

Mr. SMITH of Virginia. But if you have no intention of balancing the budget, if that idea has been totally abandoned under the present administration, I do not know that there is very much we can do about it.

Mr. Speaker, I just hope that we are going to do what we have been doing. I hope when this piece of skulduggery, of bringing it back here in a conference report, reaches its culmination and it is presented to the House again, we will stand up again and stay here until Christmas before we ever agree to this kind of outrageous piece of socialistic legislation that takes the money out of the pocket of one of your constituents and pays the house rent of another. Who can justify it? Nobody.

Mr. Speaker, there will be presented today a bill from your leader on the Committee on Banking and Currency, the former chairman and now ranking minority member of that committee, the gentleman from Michigan [Mr. Wolcott]. That will be presented as a substitute bill. It gives you everything the

country needs except public housing, and it strikes out public housing. If you all over there will stand with the conservatives over here, and give the country some encouragement that you really are for a conservative, sound, sane, democratic government, we are going to beat this thing. I look to you to stand with us as you have stood before and defeat this monstrosity.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from North Carolina.

Mr. COOLEY. If we all vote this time as we did last time we will certainly beat it. The gentleman does not mean to intimate that any of these gentlemen are going to change in 6 months?

Mr. SMITH of Virginia. Some funny things have happened around here in the last few days. I think that some of my dear friends on the other side of the aisle, having been subjected to the cruel whiplash of party discipline, come here this morning with bowed head and humble heart.

Mr. MARTIN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Massachusetts.

Mr. MARTIN. May I ask the gentleman from Virginia if he has not seen a few changes on his side of the House in the last few days? Some of them were so whiplashed we did not get a single vote on that side.

Mr. SMITH of Virginia. I deplore it on both sides.

Mr. MARTIN. I wish the gentleman had set the example. Then they would not need it.

Mr. SMITH of Virginia. I think I have done pretty well in my time. May I say to my dear friend, the distinguished minority leader, that all of us slip sometimes, and I think that is true even of our distinguished minority leader.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. LATHAM].

Mr. LATHAM. Mr. Speaker, the gentleman who has just addressed the House is one of the finest and one of the greatest Americans in this Congress. It has been a pleasure to serve with him on the Committee on Rules. I agree completely with most everything that he has said this morning on this subject.

Mr. Speaker, the bill which was brought before the House this morning under the rule is not at all the President's program. It is not the President's program insofar as the number of units is concerned. It is not the President's program with regard to many other very, very important substantive matters. If you will turn to the report on page 33, you will find there listed 4 or 5 of the very important items which were stricken from the proposals of this administration and the existing law.

The first thing that was stricken, I am reading from page 33 of the report, was an amendment which provides for negotiation and settlement of contracts for public housing which has not been completely constructed where disapproval of the public housing to be provided under the contract has been expressed by referendum.

In other words, under this bill, as it is before the House today, which the gentleman from Virginia [Mr. SMITH] has asked you to turn down, you can force public housing down the throats of a community that has voted against it.

Another provision which has been stricken from the bill presently before the House, and again this is to be found on page 33 of the report, is:

(2) A proviso that no new contracts with respect to public housing shall be entered into which would bind PHA for any future years with respect to loans or annual contributions for any additional dwelling units unless authorized by Congress to do so.

That is a very important restriction which was taken out of the legislation presented to the Committee on Banking and Currency by the administration.

Third, the so-called Roanoke amendment has been stricken, which prohibited the Public Housing Administration from authorizing the construction of any projects in any locality in which the projects have been rejected by the governing body.

In other words, these 3 provisions have been stricken from the bill so that they can force public housing down the throats of people who do not want it, and who voted against it.

The fourth and a very important provision they have eliminated is the requirement for the so-called Gwinn amendment. The report does not say what the Gwinn amendment is, but most of us know it is the requirement that before any person can get a housing unit, he must sign a statement that he was not a member of a subversive organization. That provision has been stricken by the Committee on Banking and Currency from the bill which is now before you.

I might ask the question generally: Why is it that they do not want such a statement to the effect that they are not subversive? Why is that so?

Mr. MULTER. Mr. Speaker, will the gentleman yield for an answer to the question?

Mr. LATHAM. I yield.

Mr. MULTER. The reason that provision was eliminated is that except in the State of New York, in almost every other State, and there were at least 7 other States where the courts have passed on the question in each of those States where the highest court in the State decided the question, the State courts have held that that provision is unconstitutional and unenforceable.

Mr. LATHAM. I challenge that statement. I say that the question has not yet been definitely decided by the higher courts. There have been some decisions but they have been in conflict.

Mr. MULTER. In the State of New York it has not been passed on by the court of appeals.

Mr. LATHAM. Why did the Committee on Banking and Currency have to lean over backwards, and before there was a final determination, and strike this provision out of the bill. I am sorry, I decline to yield further.

Mr. Speaker, I say to the Members of the House there is as much difference between the President's program on housing and this banking and currency

bill as there is between Neapolitan ice cream and limburger cheese.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. LATHAM. I yield.

Mr. FULTON. What is the difference between this bill as it now stands and the President's program on the number of housing units? Can the gentleman spell that out a little more in detail?

Mr. LATHAM. I believe, there are 10,000 units for college housing which were not in the President's program and 10,000 units for people over 65 under very vague general conditions.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. MADDEN. Mr. Speaker, I yield the remainder of the time on this side, 5 minutes, to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Speaker, I am mindful that this is the administration of which Senator Taft might have been the head. I am mindful that during this administration Senator Taft was borne to his grave and the Nation grieved. I am mindful that public housing, as we expressed it in the law of 1949 was the child of the brain and the creation of the heart of Senator Taft. I am mindful that the man now in the White House—and but for a little turn of fate it instead might have been President Taft—because many called him "Mr. Republican" as for years he had carried the banners of the Republican Party—I am mindful that the man now in the White House said, "Yes, we must have public housing." And the bill that is now presented to you—and I do not care what they say—I do not like this knifing, this bringing up poisonous prejudices—the bill incorporated here is substantially the program of the President of the United States. Where do you Republicans who followed Senator Taft land if you reject the bill to keep alive Senator Taft's program? Where do you Republicans who were elected hanging to President Eisenhower's coat-tails land if you reject the bill that incorporates his program?

I do not want controversy. I wish we might have understanding. We of the urban centers try to understand the problems of the farmers of the West and of the South. We even try to understand the problems of the peanut growers. We want this to be a bigger and a finer Nation, and to realize the responsibilities of its destiny by knitting closer together all our people. As we of the urban centers try to understand your problems, can we not expect of you a similar willingness in trying to understand our problems?

The great mayor of Philadelphia came before our committee and said that urban democracy is dying.

In the city from which I come, within the last 5 years we have had an increase in population of over 600,000 persons, and included in that were 3,000 American Indians, who are now seeking housing in the district that I represent.

You in the Congress and in your wisdom drew up the Indian relocation program, and you provided that the Indians who wished to leave tribal lands and come to the city might do it. As a result

of this program that you provided, we in Chicago and in the district that I represent have 3,000 American Indians that we are trying to take care of, to educate in urban ways and meanwhile to house in an area already suffering from a housing shortage.

I hope there will be understanding. I hope that my dear friends from Virginia and from Mississippi—and I know how true are their hearts if once understanding comes to dispel confusion—I wish they would try to understand our problem and to help us. I am in complete agreement with that great statesman from Mississippi when he said we should legislate today not for one group but we should legislate for all America. That is what we are asking you to do. If urban democracy falls, all democracy falls.

Do not let a death blow fall upon the public housing program that is an everlasting monument to the memory of Senator Taft. Do not let that for which he lived pass with his passing. When that great statesman from the wonderful State of Virginia turns to you Republicans to court you and to say, "Come along with us and be merry while the flames destroy the structure and the democracy of the big cities," may I suggest that you go not a-flirting but instead retire for contemplation to the grave of one who was your great leader who today might have been President and who said on April 21, 1949, on the eve of the enactment of the Housing Act of 1949 that today it is sought forever to destroy:

The general theory of subsidizing low-income groups is not a new theory in Anglo-Saxon political life or Anglo-Saxon economic life. The general theory that the government has a duty to assist the lowest income groups has been accepted in England for centuries; it is accepted today. It is accepted in every State of the Union, and it does not involve any departure in principle from that which we have pursued during the 150 years of the life of the Republic. We have tried different methods of accomplishing the result. We have had poorhouses. We have county homes in nearly every county of the United States to look after those who cannot take care of themselves. Every city in the country provides free hospitals and free medical care. Every city and every township recognizes the obligation to provide food relief and to provide clothing relief for those who have no other means of obtaining the absolute necessities of life. I think all of us acknowledge the duty of the community to take care of those who are unable to take care of themselves. That duty has been taught by every Community Chest in the United States. The American people are a charitable and humane people, and they do not want to see hardship and poverty in the midst of plenty.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON].

(Mrs. FRANCES P. BOLTON asked and was given permission to revise and extend her remarks.)

Mrs. FRANCES P. BOLTON. Mr. Speaker, I confess that I agree most heartily with the distinguished gentleman from New York that it is to be deplored that the administration's program

has been so little regarded by the eminent Committee on Banking and Currency. It is my earnest hope that there may come out of our deliberations today and possible conference with the other body a wise and farseeing housing legislation. It is not surprising that I should favor such legislation, for 22 years ago Ohio was the first State to enact a public housing law, and in 1934 the city of Cleveland was the first community in the Nation to begin low income public housing projects. Now the Cleveland Metropolitan Housing Authority owns and operates 5,585 low income public housing units which we feel are vital to the welfare of our community.

But, Mr. Speaker, housing need not and should not be a creature of Federal bureaucracy. We are demonstrating in Cleveland that there is a natural partnership between private enterprise, public assistance, and community support. The continuation of this endeavor depends entirely on the enactment of the legislation now before the House.

For as long as I can remember the Kingsbury Run area in Cleveland has been a blight upon the landscape. It has never before been developed and it has long been associated with some of the city's most shocking crimes.

Now, an all-out effort is being made to create a model development in the area. Private builders, the city of Cleveland and the housing authority are developing 230 acres of Kingsbury Run into the Garden Valley project. Here is what they intend to do, and how it relates to Federal legislation:

The land is being filled and a ravine culverted with Federal aid under the redevelopment program of the Housing Act of 1954.

About 450 private housing units will be erected to take care of self-sustaining families who are being dispossessed from another slum area now being torn down. These units will be built by the Cleveland Development Foundation, a non-profit organization formed by the leading industrialists in the Greater Cleveland area. These civic-minded businessmen have contributed \$2 million to the development foundation. But they need credit advantages of this proposed legislation through the amendment of section 220 of the Housing Act of 1954 if the foundation's private money is to do the maximum job.

The Cleveland Metropolitan Housing Authority will erect 784 low-income public housing units under authorization already granted.

The city of Cleveland will build a park, outdoor swimming pool, a baseball field, and so forth, as its contribution.

In one corner of this new area property owners will be encouraged to improve their homes under the urban renewal program of the Housing Act of 1954.

HOUSING FOR ELDERLY FAMILIES

This legislation also proposes the authorization of 10,000 dwelling units for the elderly for each of the next 2 years. Here again, Cleveland can advise the Nation on the benefits of such construction.

Through the foresight and planning of Ernest J. Bohn, director of the Cleve-

land Metropolitan Housing Authority, we have already opened a 14-story, 156-unit apartment building for elderly persons needing public low-income housing. The building offers two elevators, cantilevered galleries to provide maximum sitting and exercise space, with the sun on the east in the morning and on the west in the afternoon, hand bars for bath tubs, rails on the balcony corridors, lowset kitchen cupboards, automatic washers and driers, nonskid thresholds and many other essentials for the comfort and safety of the aged.

A home atmosphere, rather than that of an institution, pervade the building, since some young families with children are being placed on each floor. The association with younger couples will have a healthy psychological effect on the senior citizens.

Here again, private interest played an important part. Generous Clevelanders contributed to the creation and operation of the Golden Age Center—located on the main floor of this public building. The quarters include a game room, sewing room, craft room, lounge, kitchen, dining and meeting rooms. All are operated by a trained staff paid by this affiliate of our welfare federation, and is for the use of residents of the building as well for older persons in the Cleveland metropolitan area.

Mr. Speaker, we are very proud of our housing progress in Cleveland and of Ernie Bohn, who is the moving force behind it. And we all agree with Mr. Bohn that good housing is the result of partnership. It cannot be done without local support. Neither can it be done without some help from the Federal Government.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee [Mr. BASS].

Mr. BASS of Tennessee. Mr. Speaker, it might seem strange that a country Congressman, so to speak, representing 16 rural counties in the great State of Tennessee, should come before this House in support of public housing.

After the Public Housing Act of 1949 became law, a city official of my hometown of Pulaski, Tenn., asked me if I would assist him in organizing a public housing authority for our town. I said, "Public housing? We do not need public housing here." He asked, "Will you take a trip with me?" I said I would.

He took me through some areas of my hometown that I did not know existed, where I saw people living in conditions I thought no American would live, in substandard housing, young children being raised under conditions that were worse than poverty.

Mr. Speaker, public housing is not designed to aid the generation that pays the rent—no; it does not aid the rent-paying generation, but it makes citizens, it makes real Americans out of those little boys and girls who live in the public housing units.

I have seen such changes occur in them after being placed in public housing units in my town. I have talked to the schoolteachers about the effect of public housing on the children, and the teacher said that after these children were placed in clean standard living con-

ditions their attitude changed. The report was astounding—how their clothes were cleaner, their own personal appearance improved, their outlook on life improved.

Mr. Speaker, we hear many things about subversion and the threat of communism in America. The very breeding ground of communism is poverty. Poverty, hunger, and substandard housing as the late President Franklin Roosevelt once said, "Is the breeding ground of that element of society that would clip the wings of the American eagle in order to feather their own nest." The only way that we can ever keep this country of ours strong is to have a well-housed and a happy America. A well-housed youth is a happy Nation. A happy America is a strong America. Yes, the strength of our Nation, Mr. Speaker, rests on the advancement of the youth who are being taken care of in our public housing units. I am not interested in decreasing the rents of the adults or that generation which pays the rents in these public housing units, but I am happy to stand on the floor of the House and endorse a program which I think advances the welfare of the youth of the Nation.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield?

Mr. BASS of Tennessee. I yield to the gentleman from Virginia.

Mr. SMITH of Virginia. Is the gentleman not confused between public housing as carried in this bill and what is known as slum clearance? What the gentleman has been describing pertains to the slum-clearance program.

Mr. BASS of Tennessee. I am not confused. I am well aware of the difference between the two programs.

Mr. SMITH of Virginia. What I have been talking about, public housing, is not slum clearance and slum clearance is safe in the bill.

Mr. BASS of Tennessee. I certainly am not confused, because I have worked as an unpaid commissioner of public housing for the past 6 years. I served as president of the Public Housing Officials of the State of Tennessee. I am aware of the full course that this program would take. I am aware of the fact that the slum clearance became a requisite for public housing in the last Housing Act passed by this Congress.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Speaker, what the gentleman from Tennessee [Mr. BASS], who just left the well has been saying you might have heard as long as I can remember from any soap box or pulpit anywhere in any city or town. It was a plea to take care of the undeserving as well as the deserving, who were in need. Of course, we all feel the same way about the unfortunate, but we do not all like to aid the lazy, the indolent,

or the wasteful. I do not know where the gentleman has been living and, while I am not a Pharisee, I want to thank God I do not live in the kind of a community he has described. In our country we have always taken care; we now take care of the unfortunate people who are unable to adequately care for themselves. In all my years I never knew one man, woman, or child who was hungry, in need of clothing, or without adequate shelter, without adequate fuel even the in cold North, in the district in which I live, that did not receive assistance. If the conditions to which the gentleman referred exist where he lives, all I have to say is that the people down there who were charitable, kindly, and Christian, were either blind or did not know the situation, or they did not perform their duty toward their unfortunate fellow citizens.

What he would do, if I get his argument correctly, is to take everyone who does not have what he thinks he ought to have, give him a wet nurse or a bottle, and when he gets old enough to be weaned, take care of him the rest of his life.

Mr. BASS of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN of Michigan. No.

Mr. BASS of Tennessee. I did not think you would.

Mr. HOFFMAN of Michigan. Then why did you ask?

Mr. Speaker, I have heard his story time and time again; it always appeals to and is effective with not only the kindly and generous, but with the thoughtless, and while we all agree with the thought that we should take care of the unfortunate people no matter what the cause; except where they are lazy and will not work, we should let them go hungry or as we used to do in years gone by in our country, let them work on the rockpile making little ones out of big ones when the cause of their misfortune is their own disinclination to help themselves.

Mr. O'HARA of Illinois. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to the gentleman from Illinois.

Mr. O'HARA of Illinois. In Berrien County and that great congressional district the gentleman so ably represents, and where I was born—

Mr. HOFFMAN of Michigan. And from which I am sorry the gentleman ever departed.

Mr. O'HARA of Illinois. They did have public housing, did they not?

Mr. HOFFMAN of Michigan. In Berrien County?

Mr. O'HARA of Illinois. Yes; in Berrien County.

Mr. HOFFMAN of Michigan. When the factories came in there—

Mr. O'HARA of Illinois. No; when you and I were boys.

Mr. HOFFMAN of Michigan. Oh, no. We took care of our people. We took care of these people over there, as the gentleman well knows.

Mr. O'HARA of Illinois. Sure we did, and we call those public houses poor houses.

Mr. HOFFMAN of Michigan. And a few of the homes may have been a dis-

grace to the community in which they existed. But the overwhelming number of the unfortunate were adequately and in kindness cared for by relatives or by the local communities. Today, for those who have no way of caring for themselves, we have homes with pleasant rooms or apartments, electric equipped, hot and cold water, food that is ample and tasty, quarters and surroundings equal to and in some places better than the homes from which they came. The gentleman knows that many an individual cannot care for himself; that the Government cannot supply a home and an attendant for each and every dependent. With as much reason he might argue that each ill individual should be treated in his own home.

Oh, poorhouses. I know what the gentleman is talking about.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Speaker, we have heard a great deal already today, and we will hear more about low-cost housing and low-rent housing on the bill before us, S. 2126. Neither one exists in the United States. They both mean subsidized housing; subsidized by the rest of the taxpayers of the country.

Mr. Speaker, I come from Oakland County, Mich. It is the second largest county in the State. The population is about half a million. The county seat is Pontiac, where one of the great divisions of General Motors is located, the one that makes the Pontiac motorcars. Pontiac cars stand at nearly every curb in every town in the United States. Some other General Motors plants are located there—General Motors truck, Baldwin Rubber Co., Wilson Foundry, all connected with the automobile industry. It is an industrial city, with its environs, of nearly 100,000 population.

The city commission of that city, upon the request of citizens by the thousands who signed petitions, not only passed a resolution to express their opposition to public housing, but they went further than that. They passed an ordinance under the charter provisions of the city of Pontiac, prohibiting public housing and I am going to read that ordinance to you. It was passed on the 19th day of April this year, and here it is:

SECTION 1. That the citizens and taxpayers of the city of Pontiac oppose the establishment of additional public housing rental units in the city of Pontiac either through the use of municipal funds or with the financial assistance of the county, State, or Federal Government.

SEC. 2. Therefore, neither the city commission, city manager, Pontiac Housing Commission, or any other city of Pontiac employee or agent shall establish or in any manner negotiate, assist, or cooperate in the establishment of additional public housing rental units in the city of Pontiac with either the county, State, or Federal Governments or any instrumentality of the county, State, or Federal Governments.

That is attested, passed, and adopted April 19, 1955, and became effective April 29, 1955.

Now, in addition to that, in the report on this bill on page 33 you will find a provision which, if this bill is adopted, repeals what is known as the Roanoke amendment. What is the Roanoke amendment? It provides, and I read:

(3) The so-called Roanoke amendment which prohibited PHA from authorizing the construction of any projects in any locality in which the projects have been rejected by the governing body of the locality or by public vote unless the projects are subsequently approved by the same procedure through which they were rejected.

So, you are going to have this thing rammed down the throats of your city or any community in your district if this bill becomes law. The Roanoke amendment should stay in the law as it is. I am not in favor of the public housing sections of this bill. I am opposed to it.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 2126, with Mr. WALTER in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SPENCE. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I feel that the issue has been stated by the gentlemen who preceded me. This is a question whether you want to continue low-rent public housing or whether you want to kill it.

I think we all recognize that housing, and good housing, is essential to the stability of our institutions and the happiness of our people. That is the issue. And I know of no question that has been presented to the Congress where there is so much diversity of opinion and so many irreconcilable statements as in regard to public housing.

I may say that you ought to be somewhat grateful to the Committee on Banking and Currency, for if it had not been for the patience and the perseverance of that committee who went before the Committee on Rules and obtained a rule, you might not have had the opportunity to express your views or vote on this subject.

The Constitution of the United States places the legislative power in the Congress and not in any committee of the Congress. The Congress has never delegated to any committee the right to usurp its functions.

After a month, more than a month of delay, the Rules Committee has finally granted a rule. It has granted a rule in conformity with our wishes, but in that rule it has provided that the Wolcott amendment is in order as a substitute. That substitute was in order under the rules if it had not been stated in the rule itself. So we ask you in the consideration of this bill to consider it in some kindness to the Committee on Banking and Currency, who have by their persistence given you the opportunity to cast your vote upon it.

Is public housing socialistic and subversive of the fundamental principles of our Government, as those who fight it say it is? It has been supported through the years on both sides of the aisle by able conservative men who have been very much in favor of public housing. The President of the United States says he is in favor of public housing. In his message on January 6, on the State of the Union he said he was in favor of a firm commitment to authorize the construction of 70,000 low-rent public housing units, 35,000 a year over a period of 2 years. In his budget message on January 17, and it is in his budget now, he asked that 70,000 units be authorized over a period of 2 years. In his economic report he repeated that, and he said he wanted 70,000 low-rent public housing units.

Here are the excerpts from the three messages of the President:

State of the Union address, January 6, 1955: "We must also authorize contracts for a firm program of 35,000 additional public housing units in each of the next 2 fiscal years."

The budget—message from the President, January 17, 1955: "I recommend a 2-year authorization for contracts with local housing authorities to pay contributions for an additional 35,000 low-rent units each year. Funds necessary for this purpose have been included in this budget."

Economic report of the President, transmitted to the Congress, January 20, 1955: "For its part, the Congress should authorize the Public Housing Administration to enter into contracts for 35,000 additional units of low-rental public housing in each of the next two fiscal years, in order to assist in the relocation of families displaced as a result of slum clearance, redevelopment, or renewal programs."

Three times this year he said he was in favor of public housing, and I searched the record and he never said anything contrary to it.

I know when the issue is made we will find some gentlemen say that the President does not want it. We can rely only upon what the President says in his messages. He says it then not only to the Congress of the United States, he says it to the American people, so that every man, woman, and child in the United States who can read may know what he says. I think it is a reflection upon him for gentlemen of his own party, men who are intimate with him, to come here and say, "We had an interview with him and he does not want what in the well-considered messages sent to the American people he has

told you he wants. He wants something else."

[Mr. WOLCOTT addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

SHOULD BUILD 2 MILLION HOUSES A YEAR

Mr. PATMAN. Mr. Speaker, I do not agree with the distinguished gentleman from Michigan [Mr. Wolcott] that we are building enough houses, 1,320,000 a year; I think we should be building at least 2 million houses a year, at least 2 million.

At this time there is objection to the building program because they claim it will be inflationary. I do not agree that we should cut down on housing because of that danger, if it is a danger, because it can be corrected in a different way.

I do not believe we should cut down on installment purchasing because it is inflationary; you can deal with the inflationary problem in a different way from that; we do not have to deal with it in that way.

Mortgages that will be issued under the Wolcott bill will be one type that will be salable. They will go up and they will go down. The other type will be modernization loans. The bankers will receive 9.7 percent interest on a riskless security. The former will be sold in the open market and eventually they will go up and down, just like the United States Government bonds go up and down. It is a disgrace that our Government bonds go up and down just like a game of dice. These [indicating] are not a gambling device. They are too big for that. They are made large because no one by any stretch of the imagination could say that they are a gambling device. But they are used to illustrate the point I want to make.

It is like using loaded dice. I have been told that if you roll the dice and on top there is either a 7 or an 11 you win your point, and the other person has lost. Somebody loses every time. These are loaded dice. They are so arranged that they will come up 7 or 11 every time. There is no way to fail.

That is the way this Government bond market is operated. It is like loaded dice, they cannot fail. When they know what the market is going to do, and they do know what the open market is going to do because they are in the know, they can go ahead and sell bonds short until the market reaches a low point; then they can buy low and the same people with the same loaded dice will cause the market to go up and they sell those bonds high.

In 1954, under the loaded dice process, the large banks, principally in New York and the large cities, made \$254 million, a quarter of a billion dollars, just on the increase in value of Government securities, in addition to the interest on those bonds. That has become another important part of our banking system. It is a bad part and it should not exist. It gets good bankers out of the banking

business into the gambling business and every time they win somebody else loses. It should not be that way. In 1953 they forced the price of bonds down, using loaded dice.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. KEARNS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Briefly.

Mr. KEARNS. I would like to ask the gentleman, Did he support the highway bill and all the inflationary aspects of that bill?

Mr. PATMAN. I did not support the inflationary aspects of that bill. I did not support the administration's \$21 billion bond proposal. This is the first time I have ever known the Republicans in one package vote for inflation, a cheaper dollar, an unbalanced budget and fiscal irresponsibility all at one time as they did when they voted for creating \$21 billion in new money and credit. That is exactly what you did in that bill. I regret that my very good friend, the gentleman from Massachusetts [Mr. MARTIN] for whom I have a high regard—he is one of our greatest Americans—kind of hit me below the belt the other day. Of course he did not intend to and I forgive him for it. He claimed I had a worse record on sound money than he did.

Now, I know that is not true. There is not a Member of this House who has a better record on sound money and against inflation than I have. I will put it up against anybody, not only in this body but the other body, because in time of war, when it was necessary to have these controls, and what they called regimentation, I was down here fighting for them, and a lot of the Members on the other side were opposing them all the time although they were needed in time of war. So, my record is as good as that of any Member of this House or the other body on sound money and against inflation and for fiscal responsibility and against unbalanced budgets.

I was sorry to see my good friends on the Republican side the other day come out in favor of all four of them at one time. Now, there is not a Member of this House that I dislike. I like them all. I have a high regard for every Member of this body and I am not personal when I attack the stand of our Republican friends on issues.

Now, in selling these Government bonds—I am telling you something that has not been known to too many—they are actually selling United States Government bonds short using the Open Market Committee to profit from it. In this morning's American Banker, July 29, 1955, on the editorial page—imagine this—it says: "The dealers who were selling 3's—that is, United States Government securities at 3 percent—"for future delivery at slightly under par have already done very well."

LOADED DICE

In other words, they are selling their own United States Government securities in New York short and making all

kinds of money out of it. Of course, naturally, they can. They are playing with loaded dice.

CHARGES

I think the Open Market Committee is guilty of malfeasance—and I want the gentleman from Michigan to hear this—I think the Open Market Committee is guilty of malfeasance and could be convicted of malfeasance. Of course, there is no specific crime or penalty for malfeasance in that office, but you can be guilty of it just the same. That board is composed of 7 members of the Board of Governors and 5 representatives of the private bankers, and I believe if the proper investigation were made, leaks will be shown, leaks that have made hundreds of millions of dollars for people in the know, for their friends, for their relatives, and for their business associates. The \$410 million made by the commercial banks in 1954, which we know about, was chicken feed compared to what was made by persons, firms, and corporations generally who were in the know. And, I believe when we get the right kind of investigation—and that is what I wanted the gentleman to hear—we will disclose and discover corruption in the administration of this crapshooting with loaded dice in the New York Federal Reserve Bank, condoned and approved by the Open Market Committee of the United States Government. Why does the Federal Reserve Open Market Committee so violently oppose such an investigation?

THE PRESENT ADMINISTRATION AND THE BANKS

First. One of the first tasks to which the new administration turned after the election of 1952 was to install bankers and their associates in the key bottleneck and high policy positions in Government. The single most important job of the new administration was in their own words to restore "freedom in the money market."

Second. The first appointments made by the new administration were the important Treasury and Budget Bureau top-level jobs, where the finance decisions are made. These went to George Humphrey, Secretary of the Treasury, a member of the executive committee of the National City Bank of Cleveland; W. Randolph Burgess, formerly economic policy adviser to the American Bankers Association, served as president of the American Bankers Association, served as manager of the Open Market Account at the New York Federal Reserve Bank, chairman of the executive committee of the National City Bank of New York, and was appointed Assistant to the Secretary of Treasury in charge of debt-management and monetary affairs; Joseph M. Dodge, appointed to be Director of the Bureau of the Budget, was president of the Detroit National Bank and a former president of the American Bankers Association.

In addition to these appointments, General Eisenhower announced on December 19, 1952, that he had asked former New York Stock Exchange President William McChesney Martin to continue to serve as Chairman of the Federal Reserve Board. The Wall Street Journal pointedly commented:

General Eisenhower has asked Mr. Martin to keep the post, and he has decided to do so. Until this surprise development, Mr. Martin had planned to resign as Chairman but stay on as a member of the Board. The significance of the Eisenhower action is this: His administration will look on the Federal Reserve not so much as an instrument to support Government bond prices but as an agency to regulate the supply and value of money. Mr. Martin is a strong believer in an independent Reserve System—working in partnership with the Treasury.

Third. In addition to these men of finance and banking, the President called in the following top-level officials from the financial world:

Robert Cutler, Boston investment banker, to serve as the President's Special Assistant;

Kenton R. Cravens, St. Louis banker, to liquidate RFC and supervise sale of its earning assets to financial institutions.

Guy M. Gidney, President Federal Reserve Bank of Cleveland, as Comptroller of the Currency.

Marion Folsom, Director New York Federal Reserve Bank, Under Secretary of Treasury on tax affairs.

R. B. Anderson, Deputy Chairman, Dallas Federal Reserve Bank, Secretary of the Navy, later Deputy Secretary of Defense.

In addition, Philip Young, Director, New York Federal Reserve Bank, was installed as Chairman of the Civil Service Commission. The bankers were taking no chances. Not a single bottleneck position was left uncovered. Even selection of lower echelon personnel would not escape scrutiny by some member of the banking fraternity.

Fourth. During the consideration of a bill to increase the debt limit from \$275 billion to \$290 billion in the first session of the 83d Congress, a Member of Congress asked the Secretary of the Treasury the following question and received the following reply:

Question. We have to keep these balances in the banks, upon which they pay us no interest, and on every dollar they loan the United States Government, we pay them interest on it. We don't have to bribe them or subsidize them to buy Government bonds do we?

Secretary HUMPHREY. Yes; we do.

During hearings on United States monetary policy conducted by the Joint Committee on the Economic Report in December 1954 questions were submitted to the Secretary of Treasury, including one which sought to determine whether in handling Government transactions the banking system "is being excessively compensated or undercompensated?" W. Randolph Burgess, Under Secretary for Monetary Affairs, replying, answered in part:

Bank profits have not been high compared with other kinds of business and compared with the need to build up capital funds to protect their customers' funds.

Fifth. One of the very first moves in the field of financing residential construction benefited investment and mortgage bankers tremendously. It involved a rather curious action which the Secretary of the Treasury has been invited to explain on a number of occasions but

has not done so satisfactorily yet. The Senate Banking and Currency Committee in January 1953, soon after the inauguration of the President, called in the VA and FHA officials—Mortgage Interest Rate Problem, hearings, January 28, 1953—in an effort to get them to agree to an increase in the rate of interest that might be charged on Government-underwritten mortgages. To the credit of those public officials they insisted that the prevailing 4-percent rate on VA mortgages and the 4¼-percent rate on FHA mortgages were effective rates and did not need to be raised.

On April 9, 1953, Secretary Humphrey announced he was offering a 30-year bond at 3¼ percent. On April 10, 1953, the president of the National Association of Home Builders said:

Treasury action in announcing a 3¼-percent interest rate for long-term Government bonds has transformed the tight market for VA and FHA mortgages into a national emergency. This action kills the GI home-building program unless corrective action is taken.

On Saturday, May 2, 1953, a day not ordinarily devoted to the conduct of Government business, the Secretary of the Treasury ordered the reluctant Veterans' Administrator to raise the VA mortgage rate from 4 percent to 4½ percent. The FHA immediately announced that they would raise their rate from 4¼ percent to 4½ percent.

The increase was unnecessary because on May 6, just 4 days later, the Federal Reserve reversed policy and began pumping credit into the system. Both Secretary Humphrey and Reserve Board Chairman Martin have testified that cordial relations exist between the two agencies and each keeps the other informed as to their respective plans. The Reserve Board did not decide on May 6 that it would change policy. Such a move had been under discussion for some time. It is inconceivable that the Treasury was not advised about it.

The single decision by the Secretary of the Treasury to raise the rate on Government-underwritten home mortgages has meant millions of dollars of extra profits for bankers and millions of extra interest expense for home buyers.

Another act of intervention by the Secretary of the Treasury which has helped sweeten the pot for bankers relates to the expanded use of the certificates of interest pool by the CCC. According to testimony submitted by the Secretary of Agriculture before a committee of this House, Secretary Humphrey urged that the CCC make greater use of the private banks in financing the commodity credit crop support-program rather than borrowing directly from the Treasury. The result is a higher interest charge which is charged up to the cost of the farm program and greater profits for the bankers.

Sixth. Another early target of the bankers was the RFC. Liquidation of the RFC and disposition of its most valuable earning assets to the big banks and life insurance companies was carried out under the supervision of a St. Louis banker, Mr. Kenton Cravens.

In place of RFC the Small Business Administration was created. Care was taken so that his agency would provide little or no credit aid to small business and would in no way hamper the banks. Interest rates on direct loans were raised 20 percent above the rate charged by the RFC, that is from 5 percent to 6 percent. The revolving fund was cut from the \$100 million authorization available to RFC for small business, to less than \$50 million under SBA.

To oversee the operations of SBA and keep a tight check rein on its policies, the Secretary of the Treasury referred to in some knowledgeable quarters as the choice of the Wall Street bankers, was named a member of the Loan Policy Committee. Along with the Secretary of Commerce we have former big business and big banking figures, dominating the three-man Loan Policy Board of SBA.

The American Bankers Association has, however, never concealed its opposition to even a limited Small Business Administration. The recent action of the Banking and Currency Committee to raise the maximum amount that SBA could lend unquestionably caused great alarm among the ABA leadership. It would not be surprising to find that the ABA had communicated its views on this matter to the chairman of the Rules Committee if he had not already known about them.

Seventh. The banking and financial fraternity have had a number of other reasons to be thankful to this administration and to the Republican Party. When it was proposed that Congress look into the operations of the Federal Open Market Committee and the half a billion dollars in profits banks made on Government securities transactions in 1954 the Republicans met in conference and decided to kill House Resolution 210. As in the case of the Small Business Administration amendments, my good friend Judge Smith also lent a helping hand; worked for the defeat of House Resolution 210.

Eighth. Many members of the banking fraternity have expressed their alarm at the rate of home building and what is regarded as an excessive amount of mortgage lending which may be left exposed if an oversupply of housing results in some decline in prices and values. This fear, I am sure, is not unrelated to the fact that we not have a housing bill this session.

Ninth. In preparation for the 1954 congressional elections the Republican National Committee realized that the result of following bankers' policies had not endeared them to the electorate. What was more natural than to decide that since bankers had been the beneficiaries of policies which made the Republicans' election tasks more difficult they should take over some of the burden of the 1954 campaign. It was not surprising, therefore, that the last president of the American Bankers Association, W. Harold Brenton, was named chairman of the Finance Committee for the 1954 election campaign.

Tenth. With the results of the 1954 election not reassuring to the bankers it

was decided to accelerate carrying out the program to enrich bankers.

The expanded highway program was a natural. The job of coming up with the recommendations for financing was left to a five-man committee. This committee, appointed by President Eisenhower, had three banking representatives. The banks represented: Marine Midland Trust, J. P. Morgan, and Bankers Trust, of New York, are all in the business of investing in governments. Bankers Trust is, in fact, a member of that inner circle of recognized dealers in governments. It has been estimated that the \$21 billion bond issue which the Clay committee recommended could not be marketed at less than 3¼ percent under the conditions set up by the committee; that is, that they would be obligations of a Government corporation. The interest cost on these 30-year bonds would run about \$13 billion; more than half of the sum available for highway building. The committee's proposal would actually involve about \$3 billion in higher interest costs than if the same amount of money was raised directly by the Treasury at 2½ percent.

The reason there is no highway bill today is that the Republicans were for a bill with a bankers' bonus or no highway program at all.

Mr. KEARNS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. One hundred and ten Members are present, a quorum.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. CANFIELD].

(Mr. CANFIELD asked and was given permission to revise and extend his remarks.)

Mr. CANFIELD. Mr. Chairman, the distinguished gentleman from Illinois [Mr. O'HARA] was quite right in his references to the late Senator Taft as a champion of public housing. The Senator was an original sponsor of the program and he never waived. His last public address was as a speaker at the banquet concluding the annual convention of the National Housing Conference at the Hotel Statler here in the Nation's Capital late in May 1953, and in this address he reaffirmed emphatically his strong belief in public housing.

Nor can anyone dispute the fact that President Eisenhower is a strong advocate of this program and has recommended its continuance. I recall that when he addressed a large audience at the dedication of a public housing project in New York City some months ago he said that he saw before him more than brick, stone, and glass. He saw "the soul of America."

The President is not trying to drive America into socialism. Nor was "Bob" Taft, whom so many knew as "Mr. Republican."

Yesterday in this Chamber there was approved without dissent a conference report—the final vote—on the multi-billion-dollar foreign-aid bill. Check with the staff of the House Appropriations Committee, and you will note,

among other things, this bill provides for the expenditure of millions of dollars for social welfare and housing in foreign lands. There was no argument about this item. But when we now, as in the past, seek to authorize the continuance of a housing program for our own people, we are "wasters and socializers."

Go to the top of our congressional office buildings, and we can see slum areas within a few blocks most unworthy of our America.

I am informed that the net income of families which were admitted to low-rent public housing projects in 1953—the last year for which full figures are readily available—averaged \$2,042 a year, and of these families 23.5 percent had incomes of less than \$1,500.

It disturbs me greatly to have to listen to the argument that while the Senate has approved a public housing program in its housing bill we should pass "only a skeleton bill in the hope that House and Senate conferees will come up with something that may be all right." This contention, of course, is advanced only by those who would kill all public housing.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Georgia [Mr. BROWN].

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Chairman, I rise in support of S. 2126. The bill, as reported, is a comprehensive measure designed to extend and clarify laws relating to housing, to assist our people to acquire good homes, and to assist our communities to develop wholesome neighborhoods. In addition to general housing amendments, the bill provides programs in the areas of public facilities loans, college housing, armed services housing and farm housing.

Mr. Chairman, we spent several days in consideration of this bill in the committee. There was no mention of a substitute and no discussion of a substitute. There are some things in this bill that I do not like so well; others I do. The proper thing to do is to take this bill up, read it section by section, and amend it. I, myself, would like to vote for 1 or 2 amendments that might be offered.

FEDERAL HOUSING ADMINISTRATION

Up to 1932 most prospective buyers had to make a downpayment of at least 25 percent of the appraised value of the property. A first mortgage would probably be limited to a half or two-thirds of the appraised value. On this mortgage the borrower would pay anywhere from 6 to 8 percent interest.

The loan would have a maturity of 3, 4 or 5 years, but sometimes less. If a second mortgage was necessary, as it usually was for families of moderate incomes, the purchaser could obtain one by paying a discount to the lender and perhaps a commission may have amounted to 15 or 20 percent of the loan. Interest on the second mortgage would be 8 percent or more.

The borrower was periodically at the mercy of arbitrary and unpredictable forces in the money market. When

money was easy to get, renewal every 1 to 5 years was no problem. But if his mortgage expired at a time when money was hard to get, it might be impossible for the homeowner to secure a renewal, and foreclosure would ensue.

This was the situation in the early thirties. Foreclosures totaled 150,000 in 1930, nearly 200,000 in 1931, and 250,000 in 1932.

The Federal Housing Administration has changed all this. Today the home buyer faces no such formidable conditions. He can make a downpayment of as little as 5 percent. If he is a veteran he may not need to make any downpayment at all.

His interest on an FHA-insured loan is $4\frac{1}{2}$ percent plus $\frac{1}{2}$ percent to cover the cost of insurance. The loan may run for as long as 30 years. On a VA-guaranteed loan, the interest is $4\frac{1}{2}$ percent net.

During this entire period he will have no cares about periodic renewals. At the end of the period the title to his property will be clear. The house will belong to him.

The character of the loan was changed. It is an amortized loan on which payments of both interest and principal (and, in many cases, taxes and insurance as well) are made monthly during the life of the loan. Making arrangements for financing the home has become a one-time transaction. Monthly payments are geared to the borrower's prospective income.

In the twenties a family could acquire a home only after many years of saving to meet the high initial costs. After a downpayment was finally made, interest costs on payments were high. Hopes of owning a home usually were deferred to middle or later life. There always was the risk of sudden foreclosure and liquidation.

Today a family can get a home early in life. The initial cost is relatively low. Monthly payments are reasonable and there is protection against sudden foreclosure caused by economic fluctuations.

The home has become a reality to most American families when they need it most—to bring up the family, not simply to retire to when the children have grown up.

Earlier this year the Congress enacted S. 2126 which would authorize FHA mortgage insurance up to the aggregate of outstanding insurance liability and commitments on June 30, 1955, plus \$4 billion. The amount of unused authorization under existing legislation remaining on June 30, 1955, would be merged with the new additional authorization. As it is estimated that such unused amount will be over \$600 million, the actual increase in authorization provided by the bill would not exceed \$3,400,000,000. This increase, plus the \$1½ billion increase granted earlier this year, would be within the amount prescribed for this purpose in the budget submitted by the President to the Congress in January.

Estimates of mortgage-insurance operations during the 1956 fiscal year indicate a gross use of insurance authorization totaling about \$7,400,000,000. After allowance for return of authorization

through expiration of commitments, scheduled repayments on insured mortgages, and prepayments of such mortgages, the net use of insurance authorization for FHA mortgage-insurance programs during that fiscal year is estimated at approximately \$4 billion.

Title I of the National Housing Act, authorizing the FHA repair and modernization program, would expire under existing law on June 30 of this year. The bill would extend title I 1 year.

The title I program of insurance for modernization and repair loans constitutes an integral part of the urban renewal program for neighborhood conservation and improvement which was adopted in the Housing Act of 1954. The continuation of the title I program is also important to the maintenance of a high level of general construction activity, improvement of individual properties in need of modernization or repair, and proper maintenance of the existing housing inventory of the Nation. All are vitally affected by the availability of adequate consumer credit for modernization and repair loans and the title I program has contributed significantly toward assuring that supply of credit.

Availability of FHA insurance for this type of credit encourages lenders to make the loans available to borrowers in smaller communities and to eligible borrowers in larger communities who might otherwise have difficulty in arranging loans. It should be recognized that, without such insurance, credit for home repair purposes would not be as readily available as consumer credit for other consumer durable goods, such as automobiles and appliances. In other fields, the dealer frequently receives credit support from the manufacturer. In the case of home repair loans, however, manufacturers of building products are each likely to have a relatively small financial interest in the repair or improvement job done by the local firm. Naturally, the manufacturer or wholesale supplier is thus rarely interested in backing up credit for a repair or improvement job, especially when the largest cost item is labor at the site. Also consumer items can normally be made subject to a chattel mortgage and can be repossessed, while items financed under title I become part of the house and cannot be repossessed. Neither is it generally practical in the case of a repair loan to go through the expense of obtaining real property-mortgage security. For these reasons home repair or improvement loans, in the absence of title I aids, would be unavailable to many borrowers, or else be available at exorbitant interest rates or fees.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

The Housing Act of 1954 provided that the prices to be paid for mortgages by the rechartered FNMA should be established from time to time by FNMA "at the market price for the particular class of mortgages involved." I believe that the effect of setting FNMA purchase prices at the market price for the several classifications of FHA-insured and VA-guaranteed mortgage is to require sub-

stantial discounts, increasing in amount the farther removed geographically an area may be from sources of long-term investment capital. Thus, the States which historically have found themselves most in need of the facilities of FNMA's secondary market whenever mortgage funds became scarce are roughly the same States which must pay the heavier discounts under these purchase price schedules.

Unquestionably, FNMA's price schedule freezes into the mortgage lending system a practice of discounting FHA-insured and VA-guaranteed mortgages. While FHA and VA regulations may be effective in preventing immediate transfer of these heavy FNMA financing costs onto the home buyers, over the long run they must surely result in raising the costs of housing in such areas.

Moreover, it must be presumed that these are good, sound mortgages in order for them to have obtained FHA insurance or VA guaranty. As Government-backed loans, they have an intrinsic value which, though subject to some degree of normal market fluctuation, should nevertheless bring close to par in the mortgage market. The operation of the FNMA secondary market, therefore, should not be such as to encourage the discounting of FHA-VA loans but should accord them the recognition that should be—but is not necessarily at the time—granted by the mortgage market. Obviously, if FNMA's price schedule sets a 2-, 3-, or 4-point discount upon a class of FHA or VA loans, the private market is not inclined to fix a higher value on them. Thus, the FNMA discounts serve to depress rather than aid a sagging mortgage-loan market.

S. 2126 would amend FNMA's authority to enable it to buy loans at "a reasonable price level" as determined by it from time to time rather than at the market price. This would permit FNMA to take into consideration the market price together with the reasonably foreseeable market for mortgages, Government bonds, and other forms of long-term investment. It would thereby afford to FNMA the necessary freedom of action to lead the market when necessary in certain areas or during periods of temporary money shortage. By taking into account future trends, it would enable FNMA to raise its purchase prices slightly to support a sagging market or to drop its prices when the market is strong. This should tend to stabilize the market for mortgages at a level much closer to par than has prevailed for the past year. Thereby it should provide more favorable and more uniform prices for those areas in the South, Southwest, and Far West which necessarily at times are most dependent upon the FNMA secondary market operation.

HOME LOAN BANK BOARD

S. 2126 would make the Home Loan Bank Board an independent agency. It has always been my belief that since the Board is essentially a regulatory agency and exercises administrative, legislative, and judicial powers somewhat analogous to those performed by the Federal Reserve Board, it should not be subject to the authority of the Administrator of

HHFA to transfer funds and functions to other agencies within his jurisdiction. Most, if not all, comparable regulatory agencies have independent status, reporting directly to the Congress and to the President. Furthermore, the Federal Home Loan Board system is a mutual institution owned entirely by its members. Section 109 will return to the Home Loan Bank Board the independence it had from its creation in 1932 to 1939, when it was made a part of the then Federal Loan Agency.

COLLEGE HOUSING

Title III of this bill is intended to renew and invigorate the program inaugurated by the Housing Act of 1950, which inaugurated a program of long-term loans at low interest rates to provide funds for the construction of dormitories and residences.

The amendments under this title would expand the purpose of these loans to include such other revenue-producing educational facilities as cafeterias, dining halls, student centers, infirmaries, and other service facilities, but not including such items as gymnasiums or stadiums. The authorization for this program would be increased from \$300 million to \$500 million, and the amendment would fix the rate of interest which the Housing and Home Finance Agency pays to the Treasury at $2\frac{1}{2}$ percent, or the average rate on all interest-bearing obligations of the United States, whichever is the higher. The provisions of the title would also require HHFA to charge colleges a rate of interest of $2\frac{3}{4}$ percent, or one-fourth of 1 percent more than that paid by HHFA to Treasury, whichever is the higher.

PUBLIC FACILITY LOANS

The primary purpose of title II of S. 2126 is to assist, wherever possible, States and their political subdivisions, with preference to small municipalities, in providing sewage, water, and other necessary public facilities essential to the health and welfare of their people. The program would be administered under the supervision of the Community Facilities Commissioner of the Housing and Home Finance Agency. Restrictions are placed upon municipalities desiring assistance under this program to those that are unable to secure such financing on reasonable terms, and loans must be of such sound value as to give reasonable assurance of retirement or payment. The loan maturities are limited to 40 years and a priority is given to applications from small municipalities with populations of less than 10,000.

HHFA would be authorized to issue to the Secretary of the Treasury notes and other obligations not exceeding \$100 million at any one time.

FARM HOUSING

Title V of S. 2126 would provide for a continuation through fiscal year 1956 of the farm-housing assistance program authorized in title V of the Housing Act of 1949—Public Law 171, 81st Congress. The bill as reported would authorize appropriations of an additional \$100 million for farm loans authorized to be made on adequate farms, an additional \$2 million to permit the payment of

annual contributions made in connection with loans on potentially adequate farms, and an additional \$10 million for special grants and loans required to make farm housing safe and sanitary.

During the entire life of the farm loan program under title V some 19,000 initial loans were made for a total of \$97 million. This program has not been operative since June 30, 1954, but the need for it is shown by the increase in loans made under the Bankhead-Jones Act during the same period. Despite the fact that the Bankhead-Jones Act does not provide the full coverage of title V, its loan volume increased from \$28 million in 1954 to \$41 million for the first 10 months of 1955. From the standpoint of economic soundness the records of the title V farm-loan program indicate that a great preponderance of the loans made have been sound. As of December 31, 1954, the regular payments as a percentage of the scheduled installments on these loans were 105.6 percent. There have been very few foreclosures under the program.

Last year your Banking and Currency Committee reported and the Congress enacted as part of the Housing Act of 1954 a similar extension of the title V program. I deeply regret that the executive branch of the Government did not see fit to request any funds to carry out the intent of the Congress in this matter. As a result, the title V farm housing program has been dormant since June 30, 1954. It is my hope that this act of omission will not be repeated this year.

In conclusion, gentlemen, let me emphasize that I believe that S. 2126, the housing amendments of 1955, provides a sound and conservative solution for our national housing problem. I sincerely hope that this body will not devote an undue amount of time or effort to one controversial but relatively small section of the bill. It is imperative that the FHA mortgage insurance authorization be increased if we are to avoid a complete stoppage of our private housing program. It is also of vital importance that we extend the authority of the FHA to insure title I repair loans and that we liberalize the charter of the Federal National Mortgage Association. Housing is a far too important prop to our national economy to become a partisan political issue. I strongly urge a favorable vote on the pending measure, S. 2126.

[Mr. KEARNS addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. RAINS].

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. How many housing units has the Committee on Banking and Currency authorized since 1948, the 80th Congress?

Mr. RAINS. The 1949 act authorized about 810,000 units, and we have not begun to build even any small part of that number.

Mr. Chairman, we approach this bill today under rather peculiar circumstances. The House Committee on Banking and Currency spent 11 days hearing witnesses. We spent 7 consecutive days in executive session in that committee on the Senate bill which was passed known as S. 2126.

We did a hard, long, studious, and laborious job on this bill. I am disappointed, and I hope my distinguished friend, the gentleman from Michigan, will listen—I am disappointed that my friend from Michigan, who I understand had an important matter back up in Michigan, would leave us in the closing days of the executive session and have nothing further to do with the writing of the bill which the Senate already had passed and which the House was trying to perfect, and then come in without conference with any of the members of the Committee on Banking and Currency on the majority side and introduce a little bobtailed no-housing-bill-whatsoever, and call it a substitute to the bill which was passed by a big majority in the other body, and which was reported by an overwhelming majority favorably, by the House Committee on Banking and Currency. We are playing in the sand—and the gentleman from Michigan knows he is playing in the sand. He may win a cheap, shallow victory with his little bobtailed bill on housing here today, but in the long run the bill which will pass, if any bill passes at all, will be either S. 2126 or the bill as we have amended it. When you consider the amount of public housing in the Senate bill, when you consider that in the Committee on Banking and Currency some of us labored with might and main on the majority side to try to get an acceptable bill in keeping with the President's program, I think it is absolutely ridiculous to consider a simple extension of a few items which the other body is not going to accept. Then what happens? We come back from the conference with more public-housing units than we have in this bill, and you have an hour to take it or leave it. You say, "Leave it"? Sure, leave FHA, leave college housing, leave title 1, leave community facilities, leave farm housing, leave all the rest—this House is not going to do that. So in the practical reality of the situation which we have today, we should do as my esteemed friend, the gentleman from Georgia, said—if you do not like the bill which the Committee on Banking and Currency submitted, amend it—that is O. K., but let us not send some short substitute over without the essential ingredients of a real housing bill incorporated in it.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. MORANO. The gentleman is making a fine, sound statement, and I want to associate myself with the remarks he is making. I would like to ask the gentleman this question. Is there additional housing over the number that the President recommended in this bill, and if so what is that additional housing?

Mr. RAINS. In addition to the 35,000 units which the President has recom-

mended, which Mr. Cole came before our committee and said he wanted, there are 10,000 units put in on an amendment by the gentleman from Illinois [Mr. O'HARA], for elderly people. That is the only additional amount of units in this bill above the President's requested program to the Committee on Banking and Currency.

Mr. MORANO. Can the gentleman state what the vote was in committee to report this bill out?

Mr. MULTER. Mr. Chairman, will the gentleman yield so that I may answer that question?

Mr. RAINS. I yield.

Mr. MULTER. The vote to report the bill out was 19 to 3.

Mr. RAINS. Mr. Chairman, my esteemed friend, the gentleman from Virginia, made the statement that he regretted and thought it was unfortunate that this bill should come here in the closing hours of this session of the Congress. Well, now, just how naive does the gentleman from Virginia think this Congress is? We reported this bill to the Committee on Rules on July 1 of this year, and it has been hanging there on the hope that there would be some way whereby the Committee on Banking and Currency would back up and cut out public housing and extend only the FHA, which is the bill of the gentleman from Michigan.

Mr. SCOTT. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. SCOTT. The plea of the distinguished gentleman from Virginia reminds me of the lady who killed her husband and then asked the court for mercy on the ground that she was a widow.

Mr. RAINS. I think that statement is very apt.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. HALLECK. If I understood the gentleman correctly, he said that if this bill went to conference, it would come back with more than 35,000 public housing units?

Mr. RAINS. That, or more, is my opinion.

Mr. HALLECK. I would like to ask the gentleman on what information he bases that.

Mr. RAINS. The Senate bill contains 135,000 units. We are going to have to do a lot of hard trading to get what the House Committee on Banking and Currency reported.

Mr. HALLECK. My information is that the program as outlined by the President, which is for 35,000, is the one that probably would be agreed upon quite quickly.

Mr. RAINS. That is the one which is the one that is written in the House Committee on Banking and Currency bill, with minor variations.

Mr. HALLECK. Of course, there are many other things in your bill that are not in line with the President's program.

Mr. RAINS. In some other particulars it is not. Neither is the Senate bill in line with the President's request.

The CHAIRMAN. The time of the gentleman from Alabama [Mr. RAINS] has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. BURLESON. I want to ask the gentleman if he can briefly emphasize his ideas on military housing in this bill. Permit me to say that I have a situation in my district, an air force base in process of construction costing around \$80 million. They are unable to get bids for the so-called Wherry housing. They have no other source to turn to. They are in dire need of some relief.

Mr. RAINS. I will say that in the Senate bill there was a provision on military housing which, in the opinion of the Committee on Banking and Currency of the House, amounted to a direct appropriation out of the Treasury. The House committee put in an expanded Wherry provision instead. In later days there has been much work between the staff of the Committee on Banking and Currency and the military housing officials on a substitute. We have had no hearings on military housing and no request was made for any hearings. I introduced a bill yesterday which is different from the Capehart amendment, in addition to the Wherry amendment, and I had hoped to offer it today. But I talked to the gentleman from Georgia [Mr. VINSON], and I have not yet received his approval. I am not going to offer any military amendment to this bill unless I have the approval of the gentleman from Georgia [Mr. VINSON].

Mr. BURLESON. Unless you offer your amendment, no military housing can be built under this bill.

Mr. RAINS. Under the present Wherry Act, which is included in the bill offered by the gentleman from Michigan, no military housing is being built, so the military say. However, the military title in the House banking and currency bill is an expansion of the Wherry Housing Act, and would, in my judgment, get military housing, but not as much as a direct approach which was in the bill which is on Members' desks, which I introduced last night. I hope something can be worked out, because the need for on-base housing is great.

Mr. BASS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. BASS of Tennessee. It is a fact that they are building military housing at the present time under the previous act.

Mr. RAINS. Oh, yes; under the act from the Committee on Armed Services. Now, Mr. Chairman, I would like to give a detailed analysis of the amendments to S. 2126, as reported by the Banking and Currency Committee.

The amendments contained in title I of the bill would provide the necessary law for continuing the several major housing programs administered by the Housing and Home Finance Agency and its constituent agencies. These amendments would also make a number of changes in existing law designed to en-

able the Agency more effectively to carry out the objectives of the existing law.

FEDERAL HOUSING ADMINISTRATION

I will discuss first the provisions of the bill which would apply to the programs administered by the Federal Housing Administration. The bill would extend the title I—Home Repair and Modernization Program for 1 year and would increase the maximum amount on home improvement loans from \$2,500 to \$3,000. It would modify the provision contained in the Housing Act of 1954, which provides that this type of loan could not be made on new residential structures until such new housing had been completed and occupied for at least 6 months. The committee reduced this waiting period to 2 months as it believes the 6-month waiting period unduly restrictive and prevents new home owners from financing desirable improvements permitted under the FHA title I programs.

The committee has also revised the present mortgage limitation in the National Housing Act with respect to multifamily projects. We have increased the present \$5 million mortgage limitation, generally applicable to all such projects with private sponsorship, to \$12.5 million. The committee took this action principally because of the increase in construction costs which has occurred since 1938 when the \$5 million limitation was enacted.

The administration in its recommendations on this subject, also urged the extension of the limitation of \$12.5 million beyond the amount of each individual mortgage in order to make it applicable to the total amount of commitments issued and outstanding at any one time with respect to a project or projects in the same housing market area, involving the same mortgagor. The committee was not impressed by the reasons advanced by the administration in support of this recommendation. It should be pointed out that in the larger metropolitan areas proper use of available sites and the economies obtainable through continuity of building operations on such sites require the development of large rental projects. In the judgment of the committee, this additional limitation would have acted to further discourage the construction of much needed multifamily housing in our large metropolitan centers. At this point I believe it important that the following statement contained in the committee report be set forth in the RECORD:

For the express guidance of the Federal Housing Commissioner, your committee again reiterates its intention that the \$12,500,000 limitation shall be applicable to the amount of each individual mortgage and that the administrative practice heretofore applied is to be continued so as to permit several contiguous projects under common ownership so long as the amount of the mortgage on any such project does not exceed the dollar limitation and each such contiguous project is a separate project which, in the event it should become necessary, can be sold separately and managed separately from the other contiguous projects.

The committee has included provisions in the bill designed to reactivate the cooperative housing program estab-

lished by Congress in 1950. While the program proved successful to the middle-income group initially it has been restricted drastically by provisions contained in the Housing Act of 1954. The committee believes that one of the principal obstacles to the continued success of this program is an amendment, recommended by the Federal Housing Administration and enacted last year, which had the effect of reducing the maximum amount of the mortgage eligible for insurance. This provision changed the basis for determining the maximum amount of the mortgage from "estimated replacement cost" to "estimated value." Our amendment provides that "estimated replacement cost" shall be the basis for making this determination in the future. In addition we have authorized FNMA to make advance commitments for this program in an amount not to exceed \$50 million at any one time. Another amendment would provide for the appointment of a special assistant for cooperative housing. The special assistant would be expected to give impetus and direction to the program to the end that its principal objective be achieved—the provision of good housing at lower cost and at lower monthly carrying charges for the consumer, particularly those in the middle-income group. The bill also provides for a reduction in the required percentage of veteran participation in the cooperative projects from 65 percent to 50 percent in order to obtain the maximum allowable mortgage. Finally a provision was added which makes it possible for cooperative groups of Government-owned housing projects to use the cooperative mortgage provisions of this program in purchasing such projects on a cooperative basis.

The bill would also increase the general insurance authorization of the Federal Housing Administration. This amendment would authorize FHA mortgage insurance up to the aggregate of outstanding insurance liability and commitments on June 30, 1955, plus \$4 billion.

The committee has proposed several amendments which affect mortgage insurance for housing in urban renewal areas. The first amends section 220 to provide that the maximum mortgage amount be computed on the basis of the "estimated replacement cost" of the property or project rather than the "estimated value." We believe this action is required if we are to have community action and gain the support of builders, lenders, and others in the rehabilitation of blighted areas.

Testimony received by the committee clearly indicated that the problem of securing satisfactory FHA valuations under section 220 in the older neighborhoods, where urban renewal and urban redevelopment are urgently needed, is one of the principal reasons for the absence of production under this program. We believe the new standard will eliminate or reduce some of those difficulties. While it is possible that in the course of a considerable period of time FHA's normal "valuation" procedures could be adapted to the new and

different requirements of urban renewal and the necessary uniformity of these subjective judgments obtained on a basis which would eventually permit the urban renewal program to move ahead, your committee feels that the latter program is so important and urgent that we cannot afford the luxury of the slow and time-consuming process apparently required for the appropriate adjustment of FHA's valuation procedures.

The bill would extend title IX of the National Housing Act and contain other special aids for critical defense housing areas for 1 year on a standby basis. This would continue the present status of these programs, which require special action by the President for each new project undertaken.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

The bill would make two changes in the charter of the Federal National Mortgage Association. One of these changes, discussed previously, relates to the association's authority to enter into certain advance-commitment contracts to purchase section 213 cooperative housing mortgages.

The second amendment would provide that FNMA shall purchase, in its secondary market operations, home mortgages at a reasonable price level. The association must consider, in establishing this price level, the market for mortgages of the same general class, and current yields on, and reasonably foreseeable price trends of, long-term Government bonds and other forms of long-term investment.

SLUM CLEARANCE AND URBAN RENEWAL

The bill would increase the authorization in title I of the Housing Act of 1949 for capital grants for slum clearance and urban renewal by an additional \$200 million to be made available on July 1, 1955, and another \$200 million to be made available on July 1, 1955. Also the President would be authorized to increase the authorization at any time or times by an additional \$100 million. In providing for a 2-year authorization, the committee was impressed with testimony received with regard to the need requiring the use of these funds over a period of more than 2 years. The need arises because of the type of program which is involved. The committee recognized that many months of preliminary work are required by local communities to develop an urban-renewal project. In order to undertake such time-consuming activities, local communities need the assurance that capital-grant funds are authorized and will be available when needed.

Under existing law, not more than 10 percent of the total title I capital grants authorized may be expended in any one State, except that an additional \$35 million may be allocated for use in States where more than two-thirds of the amounts they could otherwise receive have been legally obligated. The provisions of the bill would increase this cushion from \$35 million to \$70 million. Information has come to us that this increase is necessary since the present limitations has been reached by several States.

The bill would also amend the Housing Act of 1949 so as to permit loans and advances in order to assist in the redevelopment of either predominantly open land or open land for industrial or other nonresidential uses. Such advances would be limited to not more than 2½ percent of the estimated gross project costs of all other projects undertaken by a public agency. The local governing body would be required to determine such redevelopment is necessary and appropriate to aid in the sound development of the community.

The bill would also amend the Territorial Enabling Act of 1950 to broaden the authority of the governments of the Territories to enact laws for urban renewal activities. We find this amendment is necessary since the present authority for territories to enact urban redevelopment laws is too limited and restricts the governments from enacting broader urban renewal laws, so that they may participate fully in the total program.

PUBLIC HOUSING

The next section of the bill extends the authority of the Public Housing Administration to assist communities undertaking low-rent housing. You will recall that this program was established initially by the United States Housing Act of 1937. The program was implemented by the Housing Act of 1949 which authorized a program of public housing of not more than 810,000 dwelling units. The program, authorized in the 1949 act, has been cut down by restrictions in appropriation acts in successive years until finally the Appropriation Act for 1954 prohibited any further public housing contracts unless expressly authorized by Congress. The House, last year, authorized 35,000 additional units during fiscal year 1955.

The Banking and Currency Committee recognized that if the slum clearance and urban renewal program is to go forward, public housing must be provided for low-income families displaced by these operations. The administration has recommended an extension of the present program with authorizations to contract for 35,000 additional units for fiscal year 1956 and an additional 35,000 units for fiscal year 1957.

Your committee is recommending, therefore, that PHA be authorized to use any remainder of the authorization for 1955 and to enter into further contracts for 35,000 additional units in fiscal year 1956 and a like number in fiscal year 1957. Any authorization not used during those fiscal years would be available until June 30, 1958.

We have also recommended the repeal of certain provisions in the Housing Act of 1954 which have unduly restricted the public housing program and which have tied it exclusively to the slum clearance and urban renewal program. We have also recommended the repeal of several provisos in the Appropriation Acts for 1952, 1953, and 1954 which have had the effect of limiting the provisions of the Housing Act of 1949.

A further amendment would increase from 10 percent to 15 percent the total amount of financial assistance which

can be made available for low-rent housing in any one State. The 10-percent limitation has proved to be too restrictive in the case of some States.

HOUSING FOR ELDERLY FAMILIES OF LOW INCOME

In order to assist in meeting the ever-increasing housing problems of elderly persons of low income your committee has recommended a new subsection to the Housing Act of 1937. The amendment would authorize the Public Housing Administration to enter into annual contribution contracts for 10,000 units for each of 2 years for this purpose. Such units would in general be incorporated in other projects in order to permit the elderly to remain in contact with other families. In addition the bill would provide that persons 65 years of age or over would be included in the definition of elderly families. First preference is provided for such elderly families in admission to all units developed under this section and a first preference could be extended in other low rent units up to 10 percent of the estimated admissions in any given year. Public Housing Administration would be authorized to permit local public housing agencies to reconstruct or remodel any low-rent housing to provide accommodations designed for elderly families.

DISPOSITION OF LANHAM ACT PROPERTY

The bill would also amend the Lanham Act to authorize the Housing and Home Finance Administrator to acquire by condemnation a fee title to certain lands in Richmond, Calif., in which the Administrator now holds less than fee simple interest, for use in war housing and veterans' housing programs. The Administrator would be authorized, at the request of the city, to sell such land at fair market value to the city under certain terms and conditions.

HOME LOAN BANK BOARD

The next several sections of the bill would make changes in the law being administered by the Home Loan Bank Board.

The bill would remove the Home Loan Bank Board, including the Federal Savings and Loan Insurance Corporation, from the jurisdiction of the Housing and Home Finance Agency and establish it as an independent agency and change its name to the Federal Home Loan Bank Board. Your committee believes that the Board should again be made an independent agency of Government. Your committee was guided in arriving at this decision by the fact that the Board's operations are entirely self-supporting; the Federal home loan banks are completely owned by their member institutions; and the fact that the Board was created originally as an independent agency.

In addition the bill would define the authority of the Board to terminate membership in the bank system; increase the number of elective directors in certain Federal home-loan banks; change the admission fee requirements of the FSLIC program; and raise the maximum dollar loan for noninsured on nonguaranteed home improvement loans and removes the limitation on FHA and VA improvement loans.

COMMUNITY FACILITIES

The bill would modify and extend the present advance planning program and the Housing and Home Finance Administrator would be authorized to establish a revolving fund for the making of planning advances to local agencies for the preparation of a reservoir of planned public works. The bill would authorize, in addition to the \$10 million authorized under the present law, appropriations of \$12 million in 1956, another \$12 million in 1957, and \$14 million in 1958.

The bill would also raise the annual salary of the Community Facilities Commissioner from \$14,800 per annum to \$15,000 per annum in order that such salary would be the same as the heads of the constituent agencies of the Housing Agency.

TITLE II. PUBLIC FACILITY LOANS

The primary purpose of this title is to assist, wherever possible, States and their political subdivisions, with preference to small municipalities, in providing sewage, water, and other necessary public facilities essential to the health and welfare of their people. The program would be administered under the supervision of the Community Facilities Commissioner of the Housing and Home Finance Agency. Restrictions are placed upon municipalities desiring assistance under this program to those that are unable to secure such financing on reasonable terms, and loans must be of such sound value as to give reasonable assurance of retirement or payment. The loan maturities are limited to 40 years and a priority is given to applications from small municipalities with populations of less than 10,000.

HHFA would be authorized to issue to the Secretary of the Treasury notes and other obligations not exceeding \$100 million at any one time.

TITLE III. COLLEGE HOUSING

Title III of the bill would make several amendments to the college housing program administered by the Administrator of the Housing and Home Finance Agency. These amendments would, first, broaden the loan authority to include loans for other essential service facilities; second, extend the maximum loan term from 40 years to a maximum of 50 years; third, change the interest-rate formula which at the present time would provide a 2¾-percent interest rate on new loans and be made applicable to loans now under contract but on which final disbursements have not been made; fourth, relate the test of availability of outside financing to terms "equally as favorable" rather than "generally comparable"; fifth, increase the revolving fund by \$200 million; and, sixth, prohibit any loan on a facility the construction of which was completed prior to the filing of a loan application.

Your committee added a cost-certification requirement to the college-loan provisions of the bill. This cost-certification requirement is consistent with the cost-certification requirements in the National Housing Act and requires a borrower to apply the surplus, if any, of loan proceeds over actual costs to reduction of the loan. In practice such cost

certification is already required by regulations issued under the college housing program, but the committee was of the opinion this should be a statutory requirement.

TITLE IV. MILITARY RENTAL HOUSING

This title relates to amendments to title VIII—Wherry-Spence Act—of the National Housing Act, as amended. The amendments, in the judgment of the committee, will do much toward making the program more workable, and thus providing needed military housing which will be built by private enterprise with private funds.

The bill would extend the program for 3 years. The committee believes this 3-year extension necessary in order that the military may have adequate time for planning and development of such housing. The bill would also eliminate the present requirement that the military installation must be a permanent part of the Military Establishment. It would increase the present mortgage amount per unit for both multifamily housing and single-family housing. The former—multifamily housing—would be raised from \$8,100 to \$9,900 with discretion in the Commissioner to increase the mortgage amount in high-cost areas to \$10,800. The mortgage amount for single-family housing would be increased from \$9,000 to \$10,800. Allowance would be made for contractor's or builder's profit of 10 percent of actual costs.

The bill also includes a provision which would permit the military to purchase any Wherry Act project at the fair market value of the property as determined by independent appraisal or to acquire the property by condemnation in case reasonable efforts to purchase such projects are unsuccessful. The bill would require that a project's fair market value shall not be less than the cost of construction, less normal depreciation, where there has been no deterioration chargeable to the negligence or fault of the builder.

TITLE V. FARM HOUSING

The last title of the bill would provide for a continuation of the farm housing assistance program, authorized in title V of the Housing Act of 1949, for 1 year. The bill would authorize appropriations of an additional \$100 million for farm loans to be made on adequate farms, an additional \$2 million to permit the payment of annual contributions in connection with loans on potentially adequate farms, and an additional \$10 million for special grants and loans required to make farm housing safe and sanitary.

Your committee recommended and Congress enacted a similar extension of this program last year. The executive branch of the Government, however, did not see fit to request funds to carry out the intent of Congress in this matter. As a result this program has not been operative since June 30, 1954. Your committee believes there is a real need for the program, this need, we believe, is shown by the increase in loans made under the Bankhead-Jones Act. Though this act does not provide the full cov-

erage of title V, its loan volume increased from \$28 million in 1954 to \$41 million for the first 10 months of 1955. It is the hope of your committee that this act of omission by the executive department will not be repeated this year.

The bill would also authorize the Public Housing Administration to transfer farm-labor camps without monetary consideration to any local public-housing agency whose area of operation includes such a project. The amendment would establish preferences of occupancy with first preference being given to low-income agricultural workers and their families. Provision is also made for reservation to the United States of all mineral rights upon, in, or under the property.

This is a good bill and ought to be perfected by amendments and passed.

The CHAIRMAN. The time of the gentleman from Alabama [Mr. RAINS] has again expired.

Mr. GAMBLE. Mr. Chairman, I yield 6 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield.

Mr. BURLESON. Mr. Chairman, I ask unanimous consent to extend my remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BURLESON. Mr. Chairman, as indicated by the gentleman from Alabama [Mr. RAINS] it appears that there is nothing in this bill which will facilitate the building of military housing. I hope the gentleman will offer his amendment to which he referred in order that something can be done in those areas where an immediate critical situation exists.

Under the present law, bids cannot be received to erect housing on a \$75 million airbase now under construction at Abilene, Tex., located in my congressional district.

In discussing this matter with military officials, it seems what they need is a direct approach whereby the military can build on-base housing. The present Wherry Act is not doing the job.

From some source, housing must be provided on this base and unless something is done in the immediate future, there is good reason to believe the operation of the base may be delayed. It is an extremely important strategic airbase and it makes no sense that housing for personnel should not be provided from some source and at a very early date.

It seems to me that there are more reasons found by those responsible as to how not to do something, rather than to find a way to do the job.

Although I continue to think that direct appropriated funds would be more desirable, I hope the gentleman from Alabama [Mr. RAINS] will introduce his amendment to the pending bill and that it will be adopted. If such an amendment as the gentleman proposes can be adopted, then surely something satis-

factory could be worked out in a conference with the Senate, between the two versions.

The CHAIRMAN. The gentleman from New Jersey is recognized.

Mr. WIDNALL. Mr. Chairman, since I first came to the House in 1950 I have supported public housing as part of the housing needs of the people of America. I felt there was a definite place for public housing in a well-rounded housing program. My thoughts along that line have been that we should have some public housing units built each year until private industry showed that they could build some comparable units available at low rent for people with low income who did not have the financial ability to provide a decent, adequate, sanitary home for themselves.

Last year a provision was adopted in the conference between the House and the Senate tying the 35,000 units that were to be built during the coming fiscal year to a workable slum clearance and urban renewal plan. I offered that amendment in the House. It was only because of the inclusion of that provision that we passed the continuance of a public housing program.

Under this proposed bill the tie-down to slum clearance is removed. I read the early debates in connection with the need for public housing. It was projected to the Congress that public housing was needed in order to take care of clearing up the slums and providing the slum dwellers with better houses. Each time a housing program is considered Representatives argue almost tearfully for continuance of public housing. They plead to help the slum dwellers, yet those same Representatives vigorously oppose tying down public housing for that purpose.

The amendment I offered last year sought to provide a workable plan, so that not only there would be slum clearance, but also it would be insured that there would be no slums of tomorrow.

I remember very well the attacks made on that amendment in the last election, saying that the administration, the Republicans, had killed public housing in America. The record does not bear that out. I would like to call your attention to the fact that since the provisions of the act became effective on August 2 of 1954, 53 cities varying in size from 7,000 population to more than 7 million, have gained approval of their workable programs for clearance of slums, rehabilitation of savable substandard housing and coordination of good housing in what are now slum areas.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I will yield to the gentleman from Georgia.

Mr. BROWN of Georgia. The gentleman claims that public housing ought to be tied down to slum clearance. Public housing is for every section of the country. If the gentleman's idea were carried out, just a few big cities would have public housing and the rest of the country would be left out.

Mr. WIDNALL. Visibly the need is greatest in the big cities, where there is the impact of a concentrated population and you do not normally have the ability to seek out new quarters because all of the available land has been built on.

Seventy-three other communities are in the position of awaiting Federal approval of their workable programs.

Eligibility for low-rent public housing was predicated in the 1954 act upon the need for relocation of families displaced by slum-clearance activities. Those who desire unlimited and unrestrained public housing claim that the integration of public housing with our slum-clearance program is undesirable and unworkable. Permit me to dispel this myth. Of the 35,000 public-housing units authorized by Congress for fiscal 1955, 29,509 were put under contract by June 30. If we recognize that this was done not throughout the full year, but in the period from November 1954 to June 30, 1955, approximately 7 months, it can readily be seen that the amount of public housing authorized by Congress can be made available through this method. In the communities certified for the more than 29,000 units there was a demonstrable need for 71,972 units over the total period of urban renewal activities, permitting in subsequent fiscal years allocation of 42,463 units, or more than Congress has authorized in the preceding years. With 73 additional communities waiting approval of their workable programs this number will increase proportionately. The only conclusion we may reach is that integration of public housing with urban renewal and workable program provisions is desirable and workable.

The general prosperity of our Nation under the Eisenhower administration, coupled with the liberalized provisions of the 1954 Housing Act with respect to home mortgages, have increased home ownership to 56 percent of American families, an unprecedented percentage. For 3 consecutive years more than 1 million nonfarm homes have been constructed annually. The construction rate for this year indicates that there will be approximately 1.4 million private housing starts in the current year.

These are concrete accomplishments which we wish to preserve and continue. Adoption by Congress of housing legislation in conformity with that proposed by President Eisenhower will assure that America will be a land of safe, sanitary, and decent homes.

(Mr. RHODES of Pennsylvania asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RHODES of Pennsylvania. Mr. Chairman, I would like to address myself to the public housing sections of the housing bill, including the provision for housing units for the aged.

First let me say that I am gratified that the deadlock on the Rules Committee, which has stalled this legislation for the past month, has been broken and that we are thus given the opportunity of openly debating the issue on the House floor.

Mr. Chairman, it is shocking to realize that in this great land of ours, where we

enjoy the highest standard of living in human history, one out of every five non-farm homes are substandard. According to the 1950 Census of Housing, 8.5 million of the 40 million nonfarm homes still lack private indoor flush toilets. In addition another 3.2 million dwellings are classified as dilapidated, or on the verge of becoming substandard. Of course our critical housing problems are concentrated among the lower income groups, people averaging about \$2,000 a year income.

The housing industry boasts of its accomplishments in postwar housing, having built over 90 percent of all homes constructed. It is true that in 1954, for instance, 1.2 million housing starts were made. However, of this total, 306,000 were built under VA-guaranteed loans and another 270,000 constructed under FHA loans—almost half the total number of housing starts. Such loan guaranties cut the financial risks of the builders to a minimum. In effect private builders have been subsidized by the Federal Government.

Yet, when legislation has come before Congress to provide Federal assistance in the construction of public housing for low-income people whose needs the building industry has ignored because it would not be profitable, these same groups vigorously oppose what they term "subsidized" or "socialized" housing.

I will not dwell upon the blight of slums in our cities and the resulting high costs of police and fire protection, and its influence on juvenile delinquency and crime rates. This is an area of the problem which is well known and debated at length many times before.

The 1949 Housing Act sought to provide a workable long-range solution to the housing problems of the low-income and farm groups. A total of 810,000 public-housing units were authorized over a 6-year period. However, crippling and restricting amendments added by Congress in subsequent years have prevented more than a token beginning toward solution of this housing shortage.

Mr. Chairman, we are now at the crossroads of our public-housing program. The Senate has passed a bill to renew the farsighted housing objectives of the original 1949 act to provide for 135,000 public-housing units annually until the full 810,000 units originally authorized are completed. It also provided 10,000 public-housing units for each of 5 years for aged persons. Other Federal housing activities, including mortgage insurance for private construction were also authorized.

We in the House must face up to the tremendous need for public housing in our communities across the Nation. Unfortunately, the House bill falls far short of actual needs. Thirty-five thousand units of public housing for each of 2 years is woefully inadequate, as is the 10,000 aged housing units per year also provided for in the House bill.

It is my sincere hope that adequate increases in public housing units will be voted.

Mr. Chairman, I now turn to a relatively new concept in housing which I have favored for some time. I refer to the provisions for public housing for our

aged citizens. As I pointed out last week in a discussion of the Townsend plan, more than 25 percent of persons aged 65 and over have no money income from any source. The average per capita income of all such persons was only \$1,227 in 1953. This is the group of our citizens who are so badly in need of housing assistance. According to the latest available figures, there are now 13,707,000 persons aged 65 and over. Our aged population is growing at a rapid rate. There is an increasing demand for a housing program which will meet the needs of many of these senior citizens.

I need not dwell on the problems caused by old folks doubling up with their children or other relatives, often in already overcrowded quarters. All of us can fully realize the nature of this situation and its inherent dangers to our society. We must meet the social and economic problems resulting from the tremendous progress made by medical science to prolong life expectancy. Housing for the aged is a positive step toward solution of one of the most vexing of these problems.

The aged housing provisions of the pending legislation are quite simple. It would provide 10,000 public housing units for each of two years for persons or couples 65 years of age and over. First preference could be extended to elderly families in other low-rent housing up to 10 percent of the estimated admissions in any given year. In addition, the public housing authority would be authorized to permit local public housing agencies to reconstruct or remodel any low-rent housing to provide accommodations designed for elderly families.

Experience has shown that old folks dislike being segregated into housing projects of their own age groups. Integration of these people into public housing developments containing younger families has worked to the advantage of both young and old.

It is my hope that the aged housing provisions of this bill will be wholeheartedly accepted by the House as an important step toward simple economic justice for our deserving senior citizens.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MULTER].

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

Mr. MULTER. Mr. Chairman, it is indeed unfortunate that some of the Members opposed to this legislation neither attended the hearings before the Committee on Banking and Currency nor obviously have taken the time to read the testimony adduced there as set forth in some 627 pages of hearings before our committee. While pretending to know all about the bill they make some statements which merely becloud and confuse the issue, and then leave the floor so as not to hear the answers to the issues they attempted to raise. Nevertheless, I will try to clear up some of these matters at the present time in the hope that those Members will read the record before they vote on this bill.

Mr. Chairman, we heard during debate on the rule the old cry that this bill

is socialism. I am happy to note that now added to the long roster of "Socialists" who have advocated public housing, such as Roosevelt, Truman, Taft, Wagner, Ives, Ellender, Dewey, Harriman, and too many others to mention here, we now add a former very distinguished member of our own Banking and Currency Committee, and a good Republican, the Housing Administrator, Mr. Cole; we also add a very distinguished gentleman who is now the Public Housing Administrator, the former Republican mayor of a very fine Republican city, Akron, Ohio; and we also add to this fine roster of "Socialists" the distinguished name of our very fine President, Mr. Eisenhower.

If all these men are really the kind of "Socialists" that are bad for this country you should vote to eliminate public housing and kill the program. If you think those men really had the interests of our country at heart and those who are still with us have the interest of our country at heart, then you are going to meet this issue head-on and forthrightly. You will not accept the Wolcott substitute when it is offered. You will take this bill as reported by the Committee on Banking and Currency and when we get to the public-housing title you will debate that issue on its merits, then determine whether there should or should not be any public housing and, if so, how much.

There has been a great deal said about the time to consider the bill and its coming up so late in the session. It has already been pointed out to you that if there has been any skullduggery, and the word is borrowed from the remarks of the distinguished chairman of the Rules Committee as he used that word on the floor this very day, I repeat, if there has been any skullduggery, I think he and the Republican members of the Rules Committee will have to assume the burden of that, and enter a plea of confession but certainly not of avoidance.

As has been already pointed out, this bill has been lying in the Committee on Rules for almost a full month, and what they have done by bringing out this rule now could have been done a month ago, and we would not have been under the pressure of trying to enact this legislation in the last hours of this session.

There has been an attempt to make you believe that the 2-page bill introduced by the distinguished ranking minority member of our committee, the gentleman from Michigan [Mr. Wolcott] is the President's program. His bill runs exactly 2 pages. The bill as sent to us from the other body after that body passed it consisted of 77 pages. The House Committee on Banking and Currency considered that bill along with the Spence bill, H. R. 5827, which runs some 16 pages and which I also hold in my hand. But, the significant thing about that is just this: If you take the Spence bill as we considered it before our committee and take the Senate bill, S. 2126, which we are now considering, as amended and reported out by the House Committee on Banking and Currency, you will find that that bill is as

close to the President's message and as close to the administration policy as you can possibly get, having in mind that as to some of these details there necessarily is controversy and difference of opinion.

Let us take the basic provisions of the bill and see which bill is really the President's program. May I take the time to quote very briefly from the President's housing representative, the distinguished former Member of the House and of our committee, who now is the Housing Administrator, the Honorable Albert M. Cole?

May I digress long enough to say that I remember during Democratic administrations and Democratic Congresses when bills were brought to the floor we always heard someone get up on the Republican side of the aisle and query "Who wrote the bill? Where did it come from? Did it not come from downtown?" I have not heard that in this session. You know why? Because downtown still sends us their programs. The White House representatives still prepare administration and department bills and send them to the Hill here, and Democratic chairmen introduce them as the administration program. Certainly we do not always go along with them in their every detail, and sometimes not in their principle, but we do not hesitate to introduce them when the administration asks for them. So, too, with this Spence bill, H. R. 5827. The administration prepared the bill. I do not care whether you say it was the White House or the Housing Administration. But Mr. Cole is the President's representative; he is the President's appointee, and his department, the President's department, that wrote H. R. 5827 in the first instance, sent it up to our chairman, and he introduced the bill as the administration program, and the bill as reported is very close to that program, in principle, and in almost every last item of it.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from California.

Mr. YOUNGER. Would the Federal aid highway bill come under that definition of cooperation of your chairman?

Mr. MULTER. No; it would not come under the scope of our chairman, because our committee had no jurisdiction over the bill. I suggest that the gentleman direct that question to the members of the committee in charge of that bill.

Let us stick to the housing bill. That is what we have before us. Temporarily, the highway bill has been disposed of.

Now, at this time, let us see what the administration wants on housing and let us determine then, is it good or is it bad for the country? If it is good for the country, let us enact it. If it is bad, let us reject it.

What did Mr. Cole say about this when he was before our committee? The distinguished member of our committee, Mr. REUSS, asked Mr. Cole a question, with reference to H. R. 5827 and I read from the hearing record:

I take it, Mr. Cole, that you are thoroughly in favor of the low-rent public housing sec-

tion of H. R. 5827 and that it is your hope that the Congress will enact that?

Mr. COLE. That is correct.

Mr. REUSS. What is the position of President Eisenhower on that?

Mr. COLE. I reflect his position. This is the administration's position and the President's position.

I repeat what Mr. Cole said:

This—

That is, H. R. 5827, this bill— is the administration's position and the President's position.

The gentlemen on the Republican side and some on our side who do not want any public housing try to confuse the issue and tell you you have got to take the Wolcott substitute, in order to get the President's program. That just is not so. You do not get any public housing unless you get the President's program. There is not a single unit in the Wolcott bill. You can vote against the President's program, I will say to my friends on my left, if you do not want public housing. Those of you on my right who want public housing will vote for it and we will vote for the other titles in this bill without which you get no housing of any kind.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I am happy to yield to my distinguished colleague.

Mr. NICHOLSON. Do you get the kind of housing in this bill for trailers?

Mr. MULTER. No, sir; that has been eliminated from the House version of the bill as reported by our committee. And we say in our report that the Subcommittee on Housing will make a further study of the subject and then if it sees fit, will recommend legislation on that subject in the next session.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield further?

Mr. MULTER. I yield further to the gentleman.

Mr. NICHOLSON. How many houses are there that have been authorized but not built since the 80th Congress, but are available under any law?

Mr. MULTER. Is the gentleman referring merely to public housing?

Mr. NICHOLSON. Yes.

Mr. MULTER. I think we have built approximately 400,000 public housing units since 1939 when the law was first enacted and which are available for use.

Mr. NICHOLSON. Can the gentleman tell me why they do not proceed and build some of these 800,000 that we have authorized?

Mr. MULTER. Because as of this moment the law prohibits the building of any more. And unless we enact this program as recommended by the President, as recommended by his Public Housing Administrator, as recommended by the Housing Administrator, and as recommended 19 to 3 by the Committee on Banking and Currency, you can get no more public housing. That is the issue we must meet on this bill. Shall there be no more public housing or shall we continue to build at the rate of 35,000 units a year for the next 2 years as recommended by the President and his ad-

ministrators and as recommended in this bill?

Mr. NICHOLSON. How many units have been built in the last 8 years? Is not the figure more than 8 million homes?

Mr. MULTER. Now the gentleman is not talking about public housing, he is talking about all private housing. Yes, we have been building about 1 million units of private housing per year and we hope that this year we will build 1,200,000 private-housing units. But bear in mind that as against that—if we build 1,250,000 private dwelling units this year as is anticipated under this program, we still will not be able to build more than 35,000 public-housing units if this bill passes.

That is the maximum that our bill will provide.

Mr. NICHOLSON. But private enterprise meets the requirements for a million and a half people in this country.

Mr. MULTER. A million and a half people who have the money and the income with which to buy or to rent and pay what is required by private enterprise.

I will be the first one to say, "Let us stop this public-housing program," the day that private enterprise comes in and says, "We will build houses that these people in the low-income brackets can afford to rent," the day they come forward and say, "We will build those houses and sell or rent them for sums these people can afford to pay."

We may need no more public housing, President Eisenhower said, if we continue this public-housing program for another 2 years, and if, in the meantime, private enterprise will take over and begin to produce for this lowest-income group who cannot get any decent housing, sanitary housing, the kind of housing that is fit for human beings to live in. They cannot get it today except through public housing.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Ohio.

Mr. ASHLEY. In response to the inquiry of our colleague, I think it is interesting that as of June 30, 1955, 489,465 units have been completed under the Housing Acts of 1937 and 1949. Since the 1949 act there have been 172,691 units completed. Further, a total of less than 55,000 public housing starts were made in 1953 and 1954 as compared with nearly 130,000 in the preceding 2 years of President Truman's administration.

Mr. MULTER. I thank the gentleman for supplying that information to the committee.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Michigan.

Mr. WOLCOTT. Apropos of what the gentleman has just said, I have here a wire from the Public Housing Administration dated the 6th of June 1955, stating that they had contracted for 237,108 of the original 810,000 authorized in the 1949 act, which leaves a balance unobligated of 572,892.

Mr. MULTER. The gentleman's bill will put an end to all of that and stop all future public housing. The bill reported will permit 35,000 units a year for another 2 years. Is that too much?

(Mr. JONES of Alabama asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JONES of Alabama. Mr. Chairman, the rural-housing program as contained in title 5 of the Housing Act of 1949 has been of immense benefit to the farm families of the country. In fact, I believe it can be said that there has never been a program that has served a better purpose or has been of more benefit to the hard working and deserving farm families of America.

It is important to extend the rural housing loan program which has done so much to enable thousands of farm families of America to obtain decent housing.

This housing-loan program has been used extensively by farmers throughout the country and it has been a financial success. It has stimulated and inspired farm people to invest in better living conditions and improve their living standards.

Just how extensively it has been used can best be shown by the following figures. Over \$97 million has been loaned to a total of 18,919 borrowers. Most of these loans have been made to the small or family-size farmer. Of the total amount loaned, over \$9.5 million has been repaid in full by 2,276 borrowers. Considering the very short time the program has been in operation this is a remarkable record. It is actually one of the best repayment records of any program ever established. It shows conclusively that the program is a useful one and a good investment for our Government.

I also want to point out that the farm loans which have been made to date are only a small percentage of the demand. A large number of applications are on file with the Farmers' Home Administration and cannot be processed because of lack of appropriations. As a matter of fact, the program has not operated since June 1954 because the funds were exhausted.

The continued deterioration of the farm situation makes it more important than ever to extend the existing rural-housing program. Farm income today is down 22 percent from 1951 and 6 percent from 1954. Farmers more than ever need the assistance of the housing-loan program to help them meet their housing needs as well as the construction of farm buildings so necessary in operating a farm successfully.

There are many thousands of families in the farm areas that still live in substandard dwellings and who are not able to obtain the financial backing to do anything about these deplorable conditions. The loans which might be obtained from private lending agencies are short-term loans. And, as a general rule, farmers simply cannot repay over a short period of time and at a high interest rate a loan sufficient to construct a dwelling.

Under the rural housing loan program, however, the amortization of the loans is such that the farmers can keep their

payments current and meet operating expenses and other necessary obligations.

As author of legislation providing the rural housing program, I have followed its progress and its record very closely. I have seen the improvements made in the farm dwellings and the other farm buildings that have been constructed with these loans. I know what they have meant to farm people and I know, too, that the need is far from fulfilled.

I have studied many hundreds of loans made to farmers living in the Eighth District of Alabama which I represent. These loans have made it possible for farm owners to construct decent and comfortable dwellings for their families. It has helped them build farm buildings such as dairy barns, chicken houses, and so on, which are necessary to get maximum production from their land.

I would like to repeat the words of a resident in Limestone County, Ala., who obtained a loan in 1952 in order to construct a decent dwelling for his family on his 70-acre farm: "The rural housing loan is the only possible way we could have ever had a decent home on our farm. I owed some on the land and was unable to secure a loan from any other source. If I could have secured a loan the interest would have been so high and the terms so short I could never have paid for it. I have now paid off the first mortgage and am repaying my farm housing loan."

How much is this program worth to America?

Better homes make better citizens. This is just as true of farm families as it is of city dwellers. When standards of living are improved it brings with it a brighter outlook on life. I sincerely believe that a farm family will work harder, will be better citizens if the farm home is comfortable. If the place is dilapidated and run down, or if it lacks modern conveniences which make life in America the envy of the world, the family is more likely to have an "Oh, what is the use?" attitude. They have less reason to desire to farm efficiently, participate in community affairs.

Of all the housing programs none has been more successful than rural housing. It has been widely accepted by farmers and utilized by them. A program which has demonstrated its usefulness and one which has operated for the benefit of rural people deserves to be continued.

Mr. SPENCE. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I have asked for this time to answer the suggestion that this is a program of socialized public housing and a program that has come to us in these later days.

When my very good friend [Mr. Hoffman] was speaking of the district in which I was born, my mind went back to my boyhood; the drive 3 miles over roads deep either in dust or in mud in a horse-drawn bus from Berrian Springs to Berrian Center. Looking out from that bus with its straining horses halfway to Berrian Center, one could see the county poorhouse. There was such a poorhouse in every county, and the poem that

everyone knew and recited was entitled "Over the Hill to the Poorhouse." That was the America of my boyhood.

Mr. Chairman, that was public housing. Public housing is as old as the heart of America. We have always had public housing.

In those days, when people were poor, the county poorhouse was the biggest structure in the county because people realized that when people did not have any money and the years were coming on, you could not just drive them out into the streets and into the cold. People dug deep into their pockets. Those were the days when there was not very much money to provide public housing—and we called them poorhouses. Now we are a bigger country, a richer country, but still we have poor people and we have aged people. In making provision for them we are not embarking upon new ways. We are continuing to follow the path of the heart that always has been the path of our country.

I have here a photograph of a family living in one of the public houses in Chicago, a man 80 years old together with his wife. They had had money—they had worked to accumulate savings, but the depression took their money. Now they are living, and thank God we have provided this place for them—they are living in the public housing of Chicago. Does anyone here begrudge that to them?

Mr. Chairman, if understanding comes to them, the great majority of this House will vote the right way. The proposition is made that we should vote down the public housing program which is a continuance in modern times of the pattern of county poorhouses in simpler times. In voting for that amendment or the substitute bill, you vote against everything that America from the very earliest colonial days has believed in. Again I say, as Senator Taft said to you in April of 1949, that America always has rested her faith, as she believed in God and country, upon public housing.

I know that on the Democratic side and on the Republican side, a great majority will say "We have taken our stand long, long ago in our America with humanity, and we do not cast people out into the streets and into the cold."

That is what the Eskimos did at one time when people got old. The old father and mother would walk out into the cold because they could not go on. They did not have the strength, they did not have the means to go on with their families, and they went out into the cold to die.

We today are not going to take that position. My colleagues, I am asking you now, you on the Republican side—to remember the great man you revere.

If you vote today to kill public housing, you are going to his grave not to grieve but to mock. You are going there to say: "We have forgotten you. You are gone. The things that you preached to us and that we said we believed in, now that you are gone we are going to throw into the grave with you and not to remain alive to live with us. The public housing that you thought was a part of the very American tradition and

a part of the American heart, we are going to cast into the grave with you." You Republicans who are now appropriating money to build a memorial of granite and mortar to the memory of your leader will you deny him the living memorial for which he fought while he was alive?

Do not do what your hearts forbid, you Republicans—and you, Democrats, you great liberal Democrats who have given America a broadening of the horizons of human existence—I have always felt that the Democratic Party was an instrumentality for carrying to political expression the impulses of the human heart, for you there must not be the acquiring of new habits in taking backward steps.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

[Mr. HOFFMAN of Michigan's remarks will appear hereafter in the Appendix.]

Mr. WOLCOTT. Mr. Chairman, we have no further requests for time.

Mr. SPENCE. Mr. Chairman, I yield such time as he may require to the gentleman from New Jersey [Mr. ADDONIZIO].

Mr. ADDONIZIO. Mr. Chairman, it seems to me that debates on low-rent public housing have become a permanent item on the House calendar. Not a year goes by without heated and sometimes acrimonious discussion on a program that was first placed on the statute books back in 1937. I often wonder how many volumes of testimony and pages of debate have been printed on this subject. Regular committees, joint committees, and special commissions have devoted untold hours to probing into the low-rent public-housing program. I am glad to report that it has survived. Its survival is due to its inherent soundness.

Stripped of all the fancy legal language, the federally aided low-rent public-housing program provides decent homes for low-income families at rents they can afford to pay. The Federal Government does not foist public housing upon a community. The Federal statute is crystal clear on this point. The locality must demonstrate conclusively that Federal aid is required to rehouse families from slums. All sorts of local approvals are required as well as certifications by the Federal agencies concerned before a single dollar is loaned to a local housing authority.

For many years now, and 1955 is no exception, the very vocal and well-financed opposition to low-rent public housing has tagged it with an assortment of uncomplimentary names. This program with less than 500,000 dwellings has been called socialistic, fascistic, and communistic. It has been accused of leading the country into ruination, undermining the construction industry, and in general playing havoc with the Nation's economy. The opposition also charges that public housing is un-American, degrades the families living in it, sets up ghettos, and colonizes voters.

What is American about slums? What is so elevating about an over-

crowded, decrepit, 4-story walkup bursting at the seams with an overload of humanity? As for colonization of votes, families living in low-rent public housing vote as they please—as do all American citizens. After all, the ballot is still secret.

The opposition rants against a Federal subsidy for decent low-rent public housing—but with the same fervor argues in favor of subsidies to permit families to pay rents to slum landlords.

Subsidies are not new—public housing is not the only recipient of a Federal subsidy. The Federal Government helps defray the cost of agricultural production, of mail service, of transportation, and highways. It contributes to our progress in medical and scientific research.

We also pay subsidies on rosin, peanuts, linseed oil, tung oil, and olive oil. What is wrong with a subsidy that helps American families escape from the squalor of slums?

Why balk at voting a realistic public-housing program when we know that private enterprise has not yet shown that it can or will build homes within the reach of low-income families? I have listened to the testimony presented to the House Banking and Currency Committee, of which I am proud to be a member. I have read the testimony given before the Senate Banking and Currency Committee. I was amazed at some of the specious arguments advanced by those who maintain that the federally aided low-rent public-housing program poaches upon the preserves of private enterprise. I was not convinced by their arguments, and I do not stand alone in this respect. They are not building homes for America's low-income citizens. True, they have embarked on "Build Better America," and "No Slums by 1960" programs. They have started rehabilitation and cleanup programs. All of these are meritorious—all will ultimately result in cleaner American cities and in a better housed people. But are they building homes that low-income families can afford?

We know that private enterprise is concentrating its building efforts in the outlying areas, in the suburbs. But what of the close-in, densely populated neighborhoods rapidly sliding into blight? Not only do the buildings deteriorate, but likewise the families who are forced to live in them—not by choice, but because they have no alternative.

Private enterprise so far has not come forward with the alternative—but the Federal Government has with its public-housing program.

I am informed by the Public Housing Administration that during the first half of 1954, a recheck of over 142,000 families living in low-rent public housing showed an average annual income of \$1,852 after allowable exemptions. For families admitted during that time, the figure was \$1,810. No data are yet available on rechecks for the rest of 1954, but the 30,000 families moving in during October, November, and December 1954 had average annual incomes of only \$1,803 after exemptions, \$7 less than those admitted in the first half of the year.

I am a staunch advocate of the private enterprise system. But I do not believe that it is building homes for families with incomes such as described above. I believe that the Federal Government is acting properly when it moves to help the Nation's ill-housed families. And I also maintain that it should continue to do so until private enterprise steps in and takes over the job.

We are not only discussing low-rent public housing today. The entire framework of the Federal Government's housing structure is being carefully examined to correct any flaws. Public housing may not be the keystone, but it is an integral part, and it must be recognized as such by both sides of the House. To do less would be a betrayal of the less fortunate of our fellow Americans.

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I yield such time as she may desire to the gentlewoman from Missouri [Mrs. SULLIVAN].

Mrs. SULLIVAN. Mr. Chairman, the housing bill deals entirely with the welfare of human beings, our friends and our neighbors. It provides an extension of a great program of urban renewal and redevelopment. It would clear slums. Experience thus far has proven that when slums are cleared, people are displaced. It has proven that at least half of those displaced have incomes so low that it is impossible for them to achieve proper shelter through normal channels of private enterprise, and that includes private enterprise as assisted by FHA and its numerous titles and VA housing. There is no place for them to go except into other, and often worse, slums. If the slum-clearance program is pursued without provision for proper low-rent shelter under a continuing public housing program, it will fail. The same process follows when we repair existing substandard shelter that may be salvaged. The cost of repairs to put such property into habitable conditions forces rents to go up, and low income families are forced out. We have that situation right here in this neighborhood—Capitol Hill.

Urban renewal and slum clearance would be a hardship—almost a tragedy—to those displaced unless we think in terms of human welfare, and of properly housing those we evict from slum areas. Slum clearance is a mockery if by clearing out one pocket of decayed shelter we create even worse situations elsewhere.

Mr. Chairman, let me speak of my own city, St. Louis. The 1950 census, and we have grown since then, showed that we have 251,000 occupied dwelling units of which 88,000 were substandard. I am not suggesting that all 88,000 could, or should, be demolished. Many thousands of them are doubtless subject to rehabilitation. We have in St. Louis a great program of urban redevelopment, slum clearance, and urban renewal underway. We have an officially approved workable program approved under the Housing Act of 1954 which includes an allocation of 1,474 units of public housing from the 35,000 units approved last

year. This broad program has total community support, including the support of the great business and banking interests of our city. Recently, the Board of Aldermen of the City of St. Louis adopted a resolution asking for approximately 4,800 more low-rent public housing units in connection with present and immediate plans for urban renewal. As our city, in a workmanlike, intelligent manner, attacks the problem of eliminating or rehabilitating our 88,000 substandard homes, we will in the years ahead require many more units of public housing—many times the number now requested for immediate needs.

And, Mr. Chairman, St. Louis is typical of the urban centers of our country. The 35,000 units requested by the President, and which our committee approved, have no relationship to our national needs. It is only a beginning in the right direction. It is unthinkable that this great body representing all of the American people would turn its back when asked to make a start toward the provision of decent homes for those who desperately need good shelter, including families to be displaced by the clearance of slums in our gigantic effort to restore urban communities to a healthful, sound, social and economic basis.

Housing for our senior citizens is of particular interest to me. The provision of 10,000 additional units a year for 2 years for single persons or couples when they reach the age of 65 is, in my opinion, one of the great forward steps that has been taken in the field of public housing in the last decade. I only wish that we had more detailed information concerning just exactly how our older families are housed. The 1950 census disclosed that we had 12.3 million persons over 65 years of age, representing 8.1 percent of our population, and something over 10.5 million of them living in nonfarm areas of the United States. In St. Louis our city population totaled 865,000 in 1950, of which some 80,000 were 65 years of age or older. From 1940 to 1950 the percentage of these persons to the total population gained from 6.8 to 8.1 percent. As the life span continues to increase the proportion of our elderly citizens will likewise increase.

On page 18 of the committee report it was pointed out that:

The housing conditions of the elderly are, in general, worse than those of other families.

The 1950 census, for example, showed in respect to rented dwellings, that 37.4 percent of those occupied by families over 65 were substandard, whereas only 29.9 percent of those rented by younger families were substandard.

Mr. Chairman, those families living on social security or old-age assistance certainly are in no position to rent good shelter out of their meager income. The social-security pensioner without substantial savings is in a decidedly poor situation in this respect. And we all know that after rearing a family and educating the children and otherwise launching them on their way, the parents have usually little left for themselves. Yet they want to remain independent.

I am very pleased that the committee accepted my amendment to define elderly families, for the purpose of this part of the bill, to include single persons over 65, including widows and widowers or unmarried persons, this closes a big gap in the present program, since only family units can be admitted to public-housing projects.

Mr. Chairman, I therefore hope that for the welfare of my community, my State, and our Nation, that S. 2126 as reported by the Committee on Banking and Currency be passed.

(Mrs. SULLIVAN asked and was given permission to revise and extend her remarks.)

Mr. SPENCE. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. VANIK].

(Mr. VANIK asked and was given permission to revise and extend his remarks.)

Mr. VANIK. Mr. Chairman, I want to take this opportunity to indicate my support of the housing bill as it has been reported out of the committee. It is a good bill; it is a bill that we of the committee thought would be acceptable to the majority of the membership of this Congress.

I want to point out that the public-housing units which are authorized in this bill are necessary in order to keep up with the local programs which had been started throughout the country. It manifests only a modest interest at the national level in the problem of supplying housing for the low-income families.

I want to point out that in my home city of Cleveland over 30 percent of these public-housing units have been used to take care of families who are receiving some kind of public assistance and who are dependent upon public support. This has been a great way to reduce the load on the State and local governments in order to provide for dependent families who cannot take care of themselves because of the low amount of assistance they receive from other sources.

This bill is only a symbol of what ought to be done. It is an obligation on the Congress, because our local communities have made tremendous investments in planning for slum clearance and urban redevelopment. We need this program to redevelop and redesign our cities to care adequately for the people who reside therein.

People all over America are watching with keen interest to determine whether this Congress will keep faith in its obligation to lift the housing standards of America. In the large cities as well as in the villages and rural areas there is need to improve the housing for the families of low and moderate income as well as for the families who have become dependent through no fault of their own.

The housing laws of our Government have contributed perhaps as much to the social advancement of our Nation as any other body of legislation. A high percentage of our families have been able to acquire a home of their own because of an FHA loan. Urban communities have been able to plan for re-

development and urban renewal. We must inspire a nationwide effort to make city life more attractive and abate the trend toward suburban living.

The development of suburban living is reaching critical proportions. The exodus to the open country is affording many people with a combination of country-city living, but the roads to and from the employment centers in the cities are glutted with traffic. Public transportation facilities are inadequate and miserably slow in heavy traffic. There is no substitute for decent and suitable housing accommodations in close proximity to the areas of employment.

In my own city of Cleveland great progress has been made in developing a program of urban renewal and redevelopment. Our citizens have banded together to help make city life more attractive. The success of our program in Cleveland, as well as the similar programs of other great cities of America, is dependent upon adequate legislation.

Mr. SPENCE. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. GREEN].

(Mr. GREEN of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. GREEN of Pennsylvania. Mr. Chairman, more than 50 years ago Theodore Roosevelt said in a message to Congress:

The slum exacts a heavy total of deaths from those who dwell therein. No Christian and civilized community can afford to show a happy-go-lucky lack of concern for the youth of today; for if so, the community will have to pay a terrible penalty of financial burden and social degradation in the tomorrow.

What was true in 1904 is equally valid today—despite the tremendous progress made in eliminating slums and blight through various combinations of local, State, and Federal action. In this regard no one overlooks the contributions by private enterprise in making America a better place to live in.

The International News Service reported recently that this year's housing output would total about 1.3 million units, second highest output in history. For the first 5 months of 1955 builders chalked up a new record—\$6 billion in residential construction spending, and the number of starts only ran 2 percent behind the 1950 all-time record.

Despite the private housing output, America still has a considerable number of substandard houses to contend with—houses like those Theodore Roosevelt spoke about. The number of existing substandard units is given variously as 8, 12, or 15 million.

In 1950, according to the census, there were 10.6 million occupied nonfarm dwellings which were dilapidated or deficient in plumbing facilities. Of these, 6.1 million were in urban areas and 4.5 million in rural nonfarm localities.

There seems to be general agreement today, however, that about 8 million would be a good estimate of the number of substandard dwellings. Now, I have never heard public housing proponents say that every substandard unit beyond redemption should be replaced by a

brand new public housing unit. But they are correct in asserting that public housing has demonstrated that it must be considered an integral part of any systematic attack on America's slums. Local housing authorities throughout the country have built between 5 and 6 hundred projects in whole or in part on slum sites. That adds up to some 22,000 acres or 31 square miles, half the entire area of Washington, D. C.

Cleaning up America's slums is a tremendous, but not impossible job. The urban renewal concept of the Housing Act of 1954 envisioned a bulldozer attack. If utilized to the extent possible, urban renewal could give new faces to many of our cities. It should be able to rescue run-down houses, of basically sound construction, by rehabilitation. It can find within its area of operations a place for new private housing that previously could not have been built in some areas, because to do so would have been economic folly.

There is also a place for public housing. As far as I am concerned, and I am not alone, there is no substitute yet for public housing—not if we want to rebuild the sick areas of urban America. Of course there are other proposals, and there will be more. Private enterprise wants to "build a better America" and says "No slums by 1960." Some proposals entail clearing the land, and others build buildings, but they all look to the general welfare of the people. Such objectives are highly laudable. But when some public housing opponents cry that public housing will drive to extinction the private home building industry, I am inclined to disregard the charge, especially in view of the past and present performance in the private housing field.

No one has yet come up with a satisfactory substitute for low-rent public housing. It has been called many uncomplimentary names, every one unwarranted. A sober analysis of the views of the antipublic housers, as recently expounded before several congressional committees, only reaffirms my conviction that low-rent public housing is one excellent and tried method of combating slums and their expense. It is also an escape hatch for families lost in the hopeless slum environment, and it is the only way that a family, unable to buy or rent in the private market today, can obtain a decent home.

What we must do today is not only vote a realistic public housing program in terms of number of units, but also vote to remove the crippling restrictions that practically rendered the program inoperative in the closing fiscal year.

The CHAIRMAN. Are there further requests for time?

Mr. SPENCE. We have no further requests for time.

The CHAIRMAN. There being no further requests for time the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Housing Amendments of 1955."

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 1, line 3, strike out all after the enacting

clause and insert in lieu thereof the following:

"That section 2 (a) of the National Housing Act, as amended, is hereby amended by striking 'August 1, 1955' and inserting 'July 1, 1956'.

"Sec. 2. Section 217 of said Act, as amended, is hereby amended by striking 'July 1, 1954' and inserting 'July 1, 1955', and by striking '\$3,500,000,000' and inserting '\$4,000,000,000.'

"Sec. 3. Section 803 (a) of said Act, as amended, is hereby amended by striking 'pursuant to a commitment to insure issued on or before such date' and inserting 'pursuant to a certification by the Secretary of Defense or his designee made on or before such date and a commitment to insure issued on or before June 30, 1956.'

"Sec. 4. The second sentence of section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended by striking in clause (a) thereof 'designate hereunder' and inserting 'designate hereunder or (iii) pursuant to a commitment to insure issued pursuant to the preceding clause (ii).'

"Sec. 5. (a) Section 103 (b) of the Housing Act of 1949, as amended, is hereby amended by striking '\$100,000,000, which limit shall be increased by further amounts of \$100,000,000 on July 1 in each of the years 1950, 1951, 1952, and 1953, respectively: *Provided*, That (subject to the total authorization of not to exceed \$500,000,000)' and inserting '\$500,000,000, which limit shall be increased by further amounts of \$200,000,000 on July 1 in each of the years 1955 and 1956, respectively: *Provided*, That.'

"(b) Section 106 (e) of said Act, as amended, is hereby amended by striking '\$35,000,000' and inserting '\$70,000,000.'

Mr. GAMBLE. Mr. Chairman, I make the point of order a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and forty-nine are present, a quorum.

Mr. WOLCOTT. Mr. Chairman, the issues here are pretty well crystallized and I doubt very much whether it is necessary for us to discuss this matter any further. I have been close to this subject in recent years, but I do not know of anything which can be said now which would add to the volumes of information which have been written on the question of housing throughout the years.

Some of us recall away back in 1937 when the first Public Housing Act was passed, and then the controversies incident to the continuance of that act in 1938, and the culmination of the public housing debates in 1949.

It is interesting to note that statements are made that in 1948 a great and very lovable statesman whom we all admired very deeply, the late Senator Taft, allegedly was in favor of public housing. I do not think that on this issue any 2 men were any closer so far as our understanding was concerned than Senator Taft and I. The proudest and most enjoyable experiences that I ever had were the conferences which we had with Senator Taft with respect to the housing bill. Starting in 1947, you recall, through 1948—that was the 80th Congress, and I am surprised that certain gentlemen would contend that anything good ever came out of the 80th Congress, but, if you recall, back in those days we had hardly gotten into the stride of production following World War II and there was a decided shortage of housing of all kinds, and not only the

great humanitarian, Senator Taft, but many others thought that within certain limitations the Government could well provide the incentive to build homes sufficient to take care of the people who were ill-housed. So, many went along with the so-called public housing program at that time because of the same reason that they will go along with any other emergency. But even then there were certain standards set up with which the localities and the public housing had to comply. Senator Taft was even more anxious than any others that there be standards set up, the interpretation of which was that the American system of free enterprise should be preserved, and therein lies the difference between the Taft concept of public housing and the concept of public housing which is now brought before you on the floor of the House. Bob Taft was one of the outstanding free-enterprisers this country has ever known, and public housing to him was a crutch, by which the economy could be supported, temporarily, until nature had cured the illness.

Mr. SPENCE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as has been stated, the Committee on Banking and Currency worked long and laboriously over the bill which we have presented here today. It is a bill that has in it substantially what the President said he wanted in his message on the state of the Union. It is a bill that has in it what the President said he wanted in his budget message. It has in it what the President said he wanted in his economic report.

Now, this is a skeleton substitute that has been offered. And, I am surprised always to hear some people talk about private enterprise. What is private enterprise? Is private enterprise a self-sustaining enterprise without Government help? Is private enterprise as independent as the pioneer who built his hut on the mountainside and relied on his rifle for his protection and for his food? No. That kind of private enterprise is gone, and the people that prate mostly about private enterprise have their hands in the Public Treasury. Who is most in opposition to the public housing? Who has fought this bill most vigorously because it contains what they say is a socialistic provision?

It is the builders, my friends. And what do the builders get? The Government now has a potential liability of over \$20 billion in FHA insurance in order that the builders might continue to build. They also asked to have Fanny May continued. Fanny May is what? It is a Government operated and controlled mortgage market which would support the builders' operations.

Let somebody talk about private enterprise that has not been the beneficiary of Government help. Let somebody throw the stones at public low-rent housing who is without fault. If we adopt that as a principle, we would have few stones thrown because most of the stones would be thrown by people who themselves are the beneficiary of Government favor.

If you take the substitute of the distinguished gentleman from Michigan [Mr. Wolcott] who is a very able gen-

tleman, you take a bill that has never been considered by the committee that has jurisdiction of such bills. The gentleman offers a bill in the House for only one purpose, to sabotage by indirection a bill that the Committee on Banking and Currency has brought here after long study and which is entitled at least to your consideration, unconfused by amendments such as this.

They still come here and say that this bill we have offered is not what the President wants. The President said he wanted 70,000 units of low-rent housing, 35,000 a year distributed over 2 years. There is not a word in the bill that the gentleman from Michigan has brought before you that has any public housing in it. It is a skeleton bill with but one purpose, to help the builders. I do not object to their being helped in a reasonable way, but if they accept public help they ought not to be so violent against those in great need from obtaining some temporary assistance which will be beneficial to the whole community. The people who have had their hands deepest in the Treasury are the people who are most violently opposed to low-rent public housing.

We have got to take care of our people. We have always done so. Christianity demands it. This is a better way to do it than the poorhouse.

Mr. RAINS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like if I could to get some kind of realistic approach to what appears to me to be a dead-end street.

The gentleman from Michigan is a very astute and keen parliamentarian. The bill which he offers was never offered in the Committee on Banking and Currency, of which he is the esteemed ranking minority member. It was not offered until the committee had reported and had put before the Rules Committee amendments to the Senate bill which passed in the Senate.

In view of the fact, I assume, that the distinguished gentleman from Michigan speaks for the administration on public housing, I should like to read from the state of the Union message of the President. I would like to know who is right. I would like to know whether the gentleman from Michigan [Mr. Wolcott] is right or whether the plain English in the state of the Union message is correct. This is from the President's state of the Union message of January 6, 1955.

As part of our efforts to provide decent, safe, and sanitary housing for low-income families, we must carry forward the housing program authorized during the past Congress. We must also authorize contracts for a firm program of 35,000 additional public housing units in each of the next 2 fiscal years. This program will meet the most pressing obligations of the Federal Government into the 1958 fiscal year for planning and building public housing. By that time the private building industry, aided by the Housing Act of 1954, will have had the opportunity to assume its full role in providing adequate housing for low-income families.

I ask you in all sincerity, if you adopt the Wolcott substitute and send it to Congress with a 135,000-unit Senate bill in your face, which bill is closest to the President's program, the Banking and

Currency Committee bill with 35,000 public housing units, and 10,000 additional for old age, or one without any in it?

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from California.

Mr. McDONOUGH. The gentleman knows the bill we passed last year carried certain restrictions on the building of public-housing units.

Mr. RAINS. Yes; I know that.

Mr. McDONOUGH. The President's state of the Union message said to carry forward the program of the previous Congress.

Mr. RAINS. It does not say that.

Mr. McDONOUGH. At any rate, it was his intention. I think we can agree on that.

Mr. RAINS. I want to be sure the gentleman is correct. It does not say say to carry forward the program.

Mr. McDONOUGH. In the bill passed by the Senate and considered by the committee there were no such restrictions on the building of public-housing units.

Mr. RAINS. Mr. Cole, who I assume can speak for the President on public housing, told the Committee on Banking and Currency that he wanted 35,000 units of public housing without it being tied up with unnecessary restrictions. I am not here upholding the amendments. They ought to be considered. The amendment you are speaking about cannot be put into a bill which has no public housing in it. In other words, if it takes the amendments the gentleman mentions to correct the public-housing units, how are you going to put them onto a bill that has none in it?

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Indiana.

Mr. HALLECK. We are acting on the Senate bill, as I understand, as amended by the House committee.

Mr. RAINS. That is correct.

Mr. HALLECK. If the Wolcott substitute prevails, then it will still be the Senate bill, hence all the public housing features of the Senate bill will be in conference.

Mr. RAINS. Also the 135,000 units.

Mr. HALLECK. That is right, also the 135,000 units. So there are ample provisions in the Senate bill to take care of 35,000, if that is what is decided on.

Mr. RAINS. The gentleman does not mean to tell me he expects to go to the Senate with a bill without any in it in order to preserve 2 or 3 restrictions that came in in amendments in the Banking and Currency Committee?

Mr. McDONOUGH. If the gentleman will yield further, another point the gentleman made concerning the substitute bill offered by the gentleman from Michigan was this. He said the committee should have considered it. The committee did consider it. Everything that is in the Wolcott bill was under consideration and subject to hearings. There is nothing in the Wolcott bill that is not in the bill reported out by the committee.

Mr. RAINS. The gentleman will remember that when we considered it, after we had put the 35,000 public housing units in it the gentleman from California made a motion to strike those 35,000 units, and the gentleman will remember the vote of the Banking and Currency Committee on that.

Mr. McDONOUGH. That is correct. That was their intention, and it is my intention now.

Mr. ASHLEY. Mr. Chairman, I move to strike out the last word.

(Mr. ASHLEY asked and was given permission to revise and extend his remarks.)

Mr. ASHLEY. Mr. Chairman, I am very much opposed to the Wolcott amendment for the following reasons: First, it completely eliminates public housing; second, it fails to grant independent status to the Home Loan Bank Board, despite the fact that this Board is primarily a lending rather than a financial agency; third, it eliminates loans to municipalities for public facilities, such as waterworks, sewage plants, and so forth; four, it fails to liberalize the present college-building program; five, it contains no cooperative housing program for middle-income groups; six, it hamstring the FHA section 220 loans—that is, private housing on slum-cleared areas—by keeping them on a value rather than a cost basis; and, seventh, it fails to extend the present farmbuilding program.

Because I don't have time to discuss all of these points in detail, and because the Wolcott amendment is apt to stand or fall on the question of public housing, I want to address the remainder of my remarks to this very important topic. The basic question, it seems to me, is whether or not the problem of providing adequate housing for low-income groups requires for its solution some sort of joint activity by private enterprise and by the Federal Government through a low-cost public-housing program.

From the bleating outcries from some quarters, the impression is often given that Government responsibility in this area is a little more than a deliberate and devious effort to compete with private enterprise or to destroy private enterprise in this area by socialization of the home-construction industry.

For this reason, I would like to say that—during the course of the recent hearings on the legislation before us—even the most ardent supporters of public housing agreed outright that the job of providing decent housing at reasonable rates for low-income families is properly the function of private enterprise.

The sole question is whether private enterprise at the present time is doing the job. If not, then it falls within the legitimate province of the Federal Government to meet this human need until such time as private enterprise is able to fulfill the function.

To start with, let us look at the job which the home construction industry faces. According to the figures based on the last census, we have today in the United States 15 million substandard homes—homes which are dilapidated,

which are located in slum areas, or which lack interior plumbing facilities. Of these 15 million homes, 10 million must be cleared and replaced, while 4½ million additional substandard units may be brought up to standard by rehabilitation and modernization.

On the basis of population figures also obtained from the Bureau of the Census, it is estimated that 1.4 million new units will be needed annually from 1953 to 1960 for new families, for dwellings which are demolished by fire or other disaster, or which are cleared in highway and other construction programs.

So, our total housing requirements in the United States at the present time include 1,400,000 units per year to meet current growing housing needs, plus replacement for rehabilitation of nearly 15 million units.

Recent history shows that private construction simply has not met this tremendous need. Since 1950, an average of only slightly over 1 million new non-farm units have been provided by private enterprise. And needless to say, these units have benefited mainly people who have been able to pay the market price of the new homes. There has been practically no abandoning of substandard housing for better quarters provided by private builders.

Mr. Chairman, perhaps these are dry figures which I am citing to point up the need for joint activity by private enterprise and by the Federal Government to meet the housing needs of the Nation. Certainly much more startling is the fact that nearly 20 percent of the metropolitan residential area in the United States is comprised of slum or blighted districts. These blighted areas account for 33 percent of the population, 35 percent of the fires, 45 percent of the major crimes, 50 percent of the arrests, and 55 percent of the juvenile delinquency in the great cities of our country from New York to California and from Minneapolis to New Orleans. Who can say this is not a national problem to be met by the combined facilities and joint efforts of Government and private enterprise?

Mr. Chairman, the President of the United States has gone on record as favoring limited public housing; that is, 35 thousand units for each of the next 2 years. In his budget message last January, the President stated:

The basic principal underlining budget recommendations for programs in the fields of transportation, housing, and business is that the national interest is best served by privately owned and operated industry, which is assisted by a minimum of Federal funds and Federal basic facilities.

I submit, Mr. Chairman, that 70,000 public housing units for the next 2 years is a minimum, if not less, of Federal assistance needed to meet the very real and very human need for shelter which exists in our country today.

Mr. BUDGE. Mr. Chairman, I offer an amendment to the substitute.

The Clerk read as follows:

Amendment offered by Mr. BUDGE to the amendment offered by Mr. Wolcott: On page 2, strike line 3 and insert the following in lieu thereof: "Issued on or before June 30, 1956", and by inserting before the period at the end of said section ' or (C) pursuant

to a certification by the Atomic Energy Commission or its designee made on or before June 30, 1956'."

Mr. BUDGE. Mr. Chairman, the purpose is to include along with the Department of Defense the Atomic Energy Commission, under the title military housing provisions of whichever of these bills which may ultimately be adopted by the House. It would apply in very few places in the country; probably not over a half dozen at the outside. In my particular district there is a large Atomic Energy Commission installation at Arco, where the atomic submarine was developed and where it is hoped the atomic airplane will be developed. The influx of new people to work in that plant has created a very severe housing shortage in the area, and it is extremely difficult to secure financing to take care of the personnel that the Government is shipping in to carry out the Atomic Energy program. Certainly it is just as important to the defense of this Nation as are the military installations, and I feel that a certification by the Atomic Energy Commission should be treated in just the same manner as a certification by the Department of Defense.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. BUDGE. I yield.

Mr. WOLCOTT. I have read the gentleman's amendment. I think the gentleman has made a very fine point, and as far as I am concerned his amendment should be supported and should be satisfactory to everyone.

Mr. BUDGE. I certainly appreciate the support of the distinguished gentleman from Michigan [Mr. Wolcott]. I hope the committee will see fit to adopt this amendment which may be of extreme importance in a very few areas in the Nation.

Mr. BARRETT of Pennsylvania. Mr. Chairman, I rise in opposition to the Wolcott amendment. I believe the key to his amendment is to kill public housing. I am for S. 2126.

Mr. Chairman, as a member of the House Committee on Banking and Currency, which handles all housing legislation, I am proud to have a share in writing the kind of bill that means better housing for all—and particularly for the low-income groups. There is nothing we do in the course of a session of Congress that is more significant or long-lasting in improving the lives of the American people than good housing legislation.

The trend, which has greatly changed and improved the housing situation in America, was pioneered by the Democratic Party under the leadership of the late Franklin D. Roosevelt. As a result, today more people own their own homes than rent. This is a phenomenal accomplishment, bringing home ownership within the means of a majority of American families. Further, we have been very successful in putting into operation an excellent low-rent and slum-clearance housing program, which has been beneficial to millions.

In Philadelphia we are deeply proud of our public-housing projects because

we know what they have meant to our people. Decent living accommodations have been substituted for deplorable slums. Families have found dignity in their daily lives because they have been helped to live rather than just to exist. They are better Americans for having had the chance to share in the good things of America, including decent shelter. Slums are a disgrace to our whole country and must be eliminated.

We in Philadelphia, too, have made great progress with our redevelopment work, thanks to the far-sighted legislation passed in 1949 under President Truman. Each year this work is proving to be more and more important to the future growth of America's cities, which previously were strangling in crowded, deteriorating, high-cost but uneconomic land use. We are bringing fresh air and park vistas and sunlight and vast new beauty to our urban centers, and the city is on its way back not only as a business center, but as a place to live and enjoy the many advantages of city life.

The controversial urban redevelopment programs initiated by our party are now popular with all segments of the community and the business world. Businessmen, including the real estate group, have seen how broadly they benefit because of increased property values in the community and they realize they are contributing to more prosperity for all.

Unfortunately, some of the groups which so bitterly fought urban redevelopment but finally came around to see the error of their ways still, however, fight against public housing. It seems they hate to see the poor family get any kind of break at all.

Both our efficient mayor, Joseph Clark, and I have repeatedly fought for a more flexible public housing program. During the series of hearings before the Committee on Banking and Currency we urged and recommended that 70,000 public housing units be authorized annually. We further recommended, in addition to adequate provisions for public housing, that those people in the middle income group and those who are elderly be provided with decent housing facilities.

An effort will be made on the floor of the House to report the Wolcott bill, H. R. 7473, which I shall vigorously oppose because it eliminates all public housing. This bill endangers the various programs now in operation by the Federal Housing Administration. It does not provide the changes the Committee believes necessary for rehabilitation of housing and slum clearance in urban areas. It fails to provide for needed corrections for housing for our elderly families. It fails to provide for any of the Administration's recommendations regarding the operation of the Home Loan Bank Board. It makes no provision for public facility loans which would provide needed assistance to the smaller municipalities of the country. The bill makes no provision for any of the needed amendments for the college housing program or for the continuation of the farm housing assistance program. Lastly, no mention is made regarding military rental housing, which is one of the more

critical housing programs in existence today. Now you can understand why this substitute bill must be opposed and defeated.

S. 2126, as reported out of our committee, is not as broad as I would like to see. It provides only the 35,000 units a year of public housing the President requested, although I support a much greater amount. But we should pass as at least a bare minimum this 35,000 unit authorization. We in Philadelphia could use twice this number all by ourselves, but if we face the choice of 35,000 units or none, we will settle for this small and insufficient number—for this year, anyway.

The country is waiting to hear and see what is done on this bill in order to get a measure of the degree of humanitarianism in the Congress of the United States. They must get an answer which tells them Congress is alert to the needs of the people, and cannot again be swayed and deterred by special interests which want only for themselves and would deny the poor.

Mr. Chairman, I favor and urge the passage of a housing bill that will get our people out of slums and into decent places to live. Let all who would vote against this objective know that a negative vote on this bill is a vote for slums.

(Mr. BARRETT asked and was granted permission to revise and extend his remarks.)

Mr. BYRNE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield.

Mr. BYRNE of Pennsylvania. I would like to associate myself with my colleague the gentleman from Pennsylvania [Mr. BARRETT], and I ask unanimous consent to revise and extend my remarks at this point.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BYRNE of Pennsylvania. Mr. Chairman, the measure before us today is of vital concern to each and every one of us and to our constituents. We are being asked to consider and act upon legislation to extend and liberalize existing laws regarding housing. It is my firm conviction that this bill is one of the most important presented to us in this Congress. Its passage is extremely necessary to the continued welfare of this Nation.

Perhaps the most significant, and also the most controversial, feature of this bill is the provision for 35,000 public-housing units each year for the next 2 years. This is a far cry from the 135,000 public-housing units each year for the next 4 years provided for in a bill passed by the Senate. Thirty-five thousand units erected throughout the Nation will take care of only a small percentage of the families in dire need of assistance. However, inadequate as this figure is, it is better than nothing. We must support it and trust that a more liberal program will result from the conference between House and Senate Members.

The public-housing program performs a very necessary function in our society. It was set up and has been op-

erated for the benefit of low-income families.

Over the past few years, as the cost of living has risen and the cost of privately owned apartments and homes has increased accordingly, more and more families have been forced to live under conditions that insult the dignity of any individual. In my district in the heart of the birthplace of the Nation, Philadelphia, people are living in squalor and filth. While money is appropriated liberally to improve and beautify the Independence Hall Mall, my constituents are packed into houses, meant for half as many, which lack even the most primitive plumbing facilities. Needless to say, disease runs rampant throughout these areas. In 5 years' time the lower end of the district will be a blighted area.

Accompanying these degrading conditions is the inevitable rise in the crime rate, particularly among adolescents. Juvenile delinquency thrives in areas where there are insufficient playgrounds and recreation facilities. These youngsters are the future voters and leaders of our country. They are currently in their formative years. What they experience now will influence their outlook in later years. We have a duty not only to them but also to ourselves and to our country to provide them with decent living conditions and adequate play areas.

Benefiting also from this bill will be elderly, low-income families. The number of these families is on the upswing and it is expected that the problems which they face will become more of a concern to the country in the years to come. This bill makes a provision for 10,000 dwelling units expressly for the use of elderly people. This will fill a long-felt need.

Mr. Chairman, I earnestly solicit the support of all the members of this body in passing this bill.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to extend my remarks immediately following those of the gentleman from Illinois [Mr. O'HARA] made earlier in the day on this bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I think the Members ought to realize the differences between the Wolcott substitute and the committee bill. Of course, outside of the killing of any kind of public housing, the Wolcott substitute for all practical purposes will wipe out the Wherry military housing program. To the contrary, the committee bill broadens existing law.

This particular program is confined to military reservations, and I might say that the Secretary of Defense has already certified that the armed services need at least 110,000 additional units in order to house properly the servicemen and their families.

I might say also that this particular program is carried on by private enter-

prise through private money. The administration has recommended the extension of it. The Secretary of Defense urgently calls for it, but the substitute offered by the gentleman from Michigan, my friend [Mr. WOLCOTT] for all practical purposes will limit the present program to those already certified by the Secretary of Defense but not any more in the future.

So there is a very sharp difference between the Wolcott bill in that respect and the committee bill, and between the gentleman from Michigan [Mr. WOLCOTT] and President Eisenhower and Secretary Wilson and the other Secretaries of the Department of Defense.

The first two sections are substantially the same in both bills. Title I relates to the home repair program. There may be a difference in expiration dates.

Section 2 relates to FHA insurance, authorizing \$4 billion of addition authority to the Administration.

Section 4 of the Wolcott bill is the same as the committee bill. This relates to defense housing which at the present time is in an active status but will be continued on a standby basis.

Section 5 is substantially the same as the committee bill, authorizing \$500 million more for urban redevelopment and slum clearance.

Section 106 of the Wolcott bill is more or less a technical amendment and is in the committee bill.

There are many sharp differences in addition to the one I have just stated on the housing program for those in the armed services.

Authorized loans on public housing: The Wolcott bill leaves out 10,000 units for the next 2 years for elderly persons. I do not think it is necessary to argue the case for elderly persons.

The only difference between the committee bill and the recommendations of the President is that the administration recommended an additional 10,000 units for each of the next 2 years for elderly persons and the carryover of about 5,400 units from the past fiscal year's authorization.

The President recommended 35,000 units for each of the next 2 years. So in respect to public housing the committee bill is identical with the recommendation of the President, with the exception of the carryover of 5,400 units from the last fiscal year and the 10,000 units for each of the next 2 years for elderly persons.

The Wolcott substitute leaves out perfecting amendments to sections 220 and 221 relating to the FHA but necessary to make the private enterprise phase of urban redevelopment workable. There is the public-enterprise feature, and there is the private-enterprise feature in connection with urban redevelopment. The Wolcott substitute leaves out provisions of the committee bill which will make the private-enterprise feature in connection with urban redevelopment workable.

It also leaves out the broadening of the municipal loan program and it leaves out the college housing program.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

(By unanimous consent (at the request of Mr. McCORMACK) Mr. McCORMACK was allowed to proceed for 2 additional minutes.)

Mr. McCORMACK. Mr. Chairman, the membership ought to have in mind the sharp differences between both bills. The Wolcott substitute not only wipes out public housing but it wipes out several very important activities. We have been through this fight so often on public housing that it is unnecessary to enter into lengthy debate.

I sincerely hope that the authority for 70,000 units in the next 2 years, as recommended by President Eisenhower, which, of course, is consistent with good Democratic policy, and the additional 10,000 units for elderly persons for the next 2 years, will be carried in the bill. For this reason and for other reasons, and in view of the damage that the Wolcott substitute will do, I urge defeat of the Wolcott substitute.

Mr. HALLECK. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, let me say at the outset I am for the administration proposal in respect to the housing program and by that I include the request for 35,000 units a year for the next 2 years. It seems to me that if we are for the administration proposal, the only question before us is, How shall we best reach that result?

The gentleman from Massachusetts, our very amiable and distinguished majority leader, has just referred to the public housing feature as being good Democratic doctrine. I have heard many of his colleagues on his side of the aisle in debate to this point assert that actually that policy originated with and was brought about by the late great Senator Robert Taft of Ohio.

But be that as it may, and speaking for myself, my position through the years has been known. I have not been an advocate of Federal public housing as such, but when the proposals were made by the present administration and I understood the attitude of the administration I took the position, and it is borne out in the last state of the Union message, that the question was not whether you are for or against Federal public housing, but since we now have something over 800,000 units, When do you end the program?

In that regard I call attention to a statement made in the state of the Union message in which the President used these words:

We must also authorize contracts for a firm program of 35,000 additional public housing units in each of the next two fiscal years. This program will meet the most pressing obligations of the Federal Government into the 1958 fiscal year for planning and building public housing. By that time the private building industry, aided by the Housing Act of 1954, will have had the opportunity to assume its full role in providing adequate housing for low-income families.

Now, as I read that, it is the express hope of the President that public housing, the need for it, such as there might be said for any need to be, will be over

at the time this particular program ends.

So, what is the situation before us? We have, first of all, the bill from the other body. That certainly contains enough provisions for public housing that the conferees could agree on 35,000, if that is what they want to do. Then, of course, we have the bill as reported by the Committee on Banking and Currency.

Now, you can find in that provisions that are in line with the President's program, but you can find many, many more provisions that are not in line with the President's program. For instance, there are 20,000 more units of public housing provided for, and many of the restrictions that were asked to be continued, are not continued in that measure.

So, as I see it, here is where we are. We adopt the Wolcott substitute and go on and pass the bill. The measure then goes to conference, because the bill we are now considering, the original committee bill, is the Senate bill with certain committee amendments.

As I say, we have been through this controversy time and time again. I heard the gentleman from Michigan refer back to an original housing bill in 1937. I was here at that time, and I took part in those debates. But we know, through the recent years, at least, that on every occasion these bills are written in conference. So, why not adopt the Wolcott substitute and let it go to conference? I am for that, because I am convinced that in that way we shall more quickly and more nearly achieve the administration proposal, which I say is a good proposal.

Mr. RAINS. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Alabama.

Mr. RAINS. What would be the difference in going to conference on the Banking and Currency Committee bill as amended by the House? Why would there be any advantage in going to conference on the Wolcott bill?

Mr. HALLECK. The difference is that you have an additional 20,000 public housing units, and I assume the figure in the bill from the other body being greater than that, that probably would not be in conference. And many provisions desired by the President are not in either bill and would not be in conference. Unless the Wolcott substitute is adopted many of the proposals of the President would be eliminated.

But here is a simple and practical matter before you. An amendment could be offered now to put 35,000 units into the Wolcott substitute. I do not know whether it would prevail or not. If such an amendment were offered, let me say for myself I would support it. But I know this, that whatever would prevail, ultimately this bill will go to conference, and when it comes back from conference, then every Member of this House will have an opportunity to express himself with respect to the provisions of the bill. In other words, the quickest way to get at it, the best way to get at it, is to adopt the Wolcott substitute, and that I advocate.

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is never pleasing to me to oppose my good friend, the gentleman from Michigan [Mr. Wolcott]. He is a very fine and able Member of this body, very sincere. But I believe in this instance he is clearly wrong. I believe he has left out too many of the important parts of the bill that we have before us. He has what could be considered just the bare running gear of the housing bill. I think he reduced it entirely too much, and I hope that his amendment or substitute is defeated.

It is often said and truthfully said that there are four great evils. The greatest evils are poverty, ignorance, disease, and crime. I know that public housing will not cure all these great evils, but it is a part of the answer. Many people are criminals and land in our jails and penitentiaries primarily because they did not have an opportunity to enjoy a decent place to live. We have never been economy-minded, we have never pinched pennies when it was necessary to build fine jails. We have built the finest jails in the country and never asked any questions about it. Nobody ever argues about who is going to occupy those jails. We have never been penny-pinchers when it came to having fine penitentiaries and fine equipment for the penitentiaries, and to take care of those unfortunate people who must go to the penitentiaries.

If we had spent a little more time and a little more money in providing decent housing for people, the people who suffer misfortunes and troubles over which they have no control, who have no decent place on earth to live, I have a feeling that we would have less need for the jails and less need for the penitentiaries.

I know it is contended that they get into this public housing and remain there. Unfortunately, a lot of people have been permitted to remain in these houses who were not qualified. But it was because of the exceptional circumstances. It was right after the war when we had few houses, as few had been built during the war. There was a shortage of houses. Some very deserving people were in these public housing projects who were not qualified to remain there. In some cases they were heroes of the war, men with families, and although they had incomes larger than would qualify them to remain there, the local authorities would not put them out because it would have been tantamount putting them out on the street. They did not want to do that, so they permitted a great many people to remain on and on in public housing who were really not qualified to remain there, and it was because of an unusual situation over which none of us had any control.

But normally public housing is intended as a temporary living place for people when they are unable to get any other place. They go there for a period of time which is temporary, until their economic status changes and they

can go out and buy a home under private enterprise, or in any way they wish. But they need that period of time. It is no more reasonable to say that we should, in order to save money, give a deed to all the people who are in this public housing than to say that we ought to give a deed to all the inmates of our jails and penitentiaries, because it would be cheaper. That is not the point.

I think a limited number of units of public housing is in the interest of the country. I know that the cities get most of it. I do not have any big cities in the district I have the honor to represent. It probably will not help me at all, I do not know. But I am certainly willing to help the cities. They are not selfish when it comes to helping the country people. I know that our Members here from New York and Chicago and the other great cities of this country, many of them have a better voting record for the farmer than many Members who actually come from farming districts in our country, because they are unselfish. They are looking at it strictly from the standpoint of the country.

Although it just helps the rural communities they do not stand back on that, they vote for the rural areas just the same. I feel that it is incumbent on me to be just as unselfish as they are, and when they have a problem that takes public funds to help them solve that problem that is in the interest of and for the benefit of the entire country, I feel that we ought to help them, not just to help them but because it is in the public interest.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the substitute amendment and all amendments thereto close at 4 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. YATES].

Mr. YATES. Mr. Chairman, I have heard many adroit arguments in my time but few to match the one we have just listened to from the minority whip, Mr. HALLECK. He says that he is in favor of the President's program on public housing. Yes; he is in favor of it just so long as it is passed by the Senate and not by the House of Representatives. He says it is perfectly all right with the President for members of the Republican Party in the House to vote against the public-housing program. In this way they will be supporting the President completely inasmuch as the Senate has already approved more public-housing units that the President requested. Does the gentleman really believe we are simple enough to accept such a specious argument? In response to the question from the gentleman from Alabama [Mr. RAINS], he replied: "Let us go to conference on the basis of what the Senate has passed. There is no need for us to approve any public-housing in this body." As far as he is concerned, Mr. Chairman, the House of Representatives need take no position at all on one of the most important parts of the

administration's national housing program.

The gentleman from Indiana is the President's spokesman in this House. Presumably his advice to his Republican colleagues to refrain from voting for the public-housing program has the President's blessing. How long can the country continue to tolerate such double-talk where the administrative branch of the Republican Party proposes one course of action and the legislative branch of the Republican Party disposes of such a proposal by taking contrary action?

We see here again an example of what has transpired time and again. The President's so-called dynamic crusade stumbles and founders when it hits the House of Representatives. The Republican Party refuses to support its President on his housing program just as it has refused again and again to support him on other major legislation for which he has sought their assistance.

The President's crusade calls for slum clearance, urban redevelopment and renewal, and municipal rehabilitation. It endorses programs which would destroy slums and rebuild neighborhoods and cities. But these proposals fail to appreciate the consequences which must inevitably flow if they are to be implemented. What do the gentlemen propose to do with the people who are displaced by the destruction of their ancient and ill-suited habitats? Where do the gentlemen propose to house those who are displaced? These people cannot be dislodged without giving them the opportunity to find other places to shelter themselves and their children.

Here are but a few basic facts which must be recognized. The first is that when you clear slums you displace people. The second is that nearly half of those families displaced have incomes so low that they must have public housing if they are to secure proper shelter. The third is that the other half of the displaced families generally fall in the middle-income brackets that find it almost impossible to secure adequate homes within their capacity to pay, supplied by private enterprise. Yet the administration would do nothing to give more than token assistance to them. And so we set forth on a crusade to clear slums with all of the skills of the very best public relations experts, lacking fuel and ammunition. It is comparatively easy to tear down slums if we do not care about what happens to people. We happen to care first about what happens to people. The Wolcott amendment would deny them any consideration at all.

It is obvious that we need a housing program that will satisfy the housing needs of all Americans, of every economic level, not just those who can afford to buy their own houses at current prices. We must have a housing program for those who cannot afford to buy current housing, as well. If the Wolcott amendment is passed and the public-housing program rejected, the Government will be depriving a major segment of our people of the opportunity to obtain decent homes in decent surroundings in which to raise their children. I urge

that the Wolcott amendment be voted down.

(Mr. YATES asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. REUSS].

(Mr. REUSS asked and was given permission to revise and extend his remarks.)

Mr. REUSS. Mr. Chairman, I am opposed to the Wolcott amendment because I believe what is involved here is the simple issue of whether or not the Federal Government should do its small part in the joint attack by private enterprise and by Government at the city, county, and State level to wipe out slums and to substitute clean, decent housing with adequate green space and light, where kids can play and old people can enjoy the air.

Frankly, I do not follow the argument made by the distinguished gentleman from Indiana [Mr. HALLECK] that the best way to support the President's modest request for 35,000 units for each of 2 years is to vote against it. There have been arguments advanced here this afternoon that the supporters of the 35,000 units are socialistic. If so, this is a Socialist administration, because, as HHFA Administrator Code said on June 8:

I'd like to give you the basis of our thinking behind the administration's public housing recommendation. This administration is convinced that additional public housing is absolutely essential for carrying forward the President's comprehensive housing and urban renewal program.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. SCOTT].

(Mr. SCOTT asked and was given permission to revise and extend his remarks.)

Mr. SCOTT. Mr. Chairman, I have heard a lot of specious arguments in my time, but I think today takes the cake. We have some gentlemen who come up here and say, "If you want to honor the memory of the great late Senator Taft who was for public housing, vote against it." You have heard other Members come here and say, "If you want to carry out Eisenhower's program for public housing, vote against it." You have heard people who only this morning had the chance to listen to an inspiring speech by the President of the United States get up at that meeting and yell, "We want Ike, we want Ike." Now they say the way to be for what Ike wants is to vote against it. In other words, they say, "We want Ike, but we do not want Ike's program." Mr. Chairman, I am for public housing, and I am for the Spence bill. I am against the substitute, and I hope you vote it down.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. FISHER].

(By unanimous consent, the time allotted to Mr. DIES, Mr. WILLIAMS of Mississippi, and Mr. GROSS was given to Mr. FISHER.)

Mr. FISHER. Mr. Chairman, I shall vote for the Wolcott substitute. I think it is imperative in pursuance of an order-

ly way of handling this situation that it be adopted now. Every year for the last 5 years, this House has gone on record as being apposed to public housing. For the information of the new Members who may not be familiar with what has happened in the past, beginning in 1951, every year we have voted against public housing in the House of Representatives. Usually by overwhelming votes—it has been nothing close. This program is unpopular in the House of Representatives. It would have been killed several years ago except for the insistence of the other body. So we have the same clamor, the same talk, and the same arguments and the same old line brought in here today in defense of it that we have had every year, year in, and year out. What does this do? Through the years the House very laboriously has been able to adopt a number of restrictive amendments, as they call them—and we will call them that—to eliminate some of the evils of the public housing program as it is being administered. What are some of those evils? What are some of those restrictive amendments? One of them was a law prohibiting subversives from living in those places. The committee bill that we are asked to adopt here strikes that out so that they can live in them—do you understand what that means? Second, we were able to get inserted in the law, and it is a law today, if the committee does not repeal it here by the committee bill, a formula so that a community does not have to accept a public housing project after it decides by a referendum to reject it. The committee bill strikes that out and it would no longer be the law.

Third, it repeals the Roanoke amendment which was previously referred to, which prohibits projects where they have been rejected by public vote unless it is specifically approved by the same procedure.

That is stricken out of the law under the committee bill.

Fourth, another requirement which we were able to put in the housing law in the form of a restriction requires that the number of housing units be related to the number of persons displaced by slum clearance. What is wrong with that? They struck that out. That is no longer the law if the committee bill is adopted.

All efforts at progress that have been made in the last 5 years would be wiped out.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. FISHER. I yield.

Mr. HALLECK. I think it should be pointed out in connection with the statement the gentleman is making that these restrictive provisions are out of the Senate bill; they are out of the committee bill here; so if we are to retain these provisions which should be retained, then we must adopt the Wolcott substitute.

Mr. FISHER. That is another one of the imperative reasons why the Wolcott substitute must be adopted.

No. 5: Another provision that is in the law today which the committee bill would repeal, provides that no public-

housing contracts would be entered into for future years for additional units without the consent of Congress. In other words, they cannot project them into the future. That is the anti-leap-frog amendment which the gentleman from Texas [Mr. THOMAS] and the gentleman from California [Mr. PHILLIPS] fought for for so many years. It is the law today. But the committee bill strikes it out and it will be no longer the law if the committee bill is approved.

Still another one: The committee bill includes 20,000 new units for old folks, known as the Townsend plan, a completely new thing and the beginning of a brand-new program.

Now, they say this is the President's program—the committee bill. But that is not true. Housing Administrator Albert M. Cole, on July 13 last, was quoted as saying the administration wanted the housing bill to require that:

First. Cities develop approved programs of urban renewal prior to participation in Federal public-housing aid.

Second. Public housing be made available only to families displaced by slum-clearance projects.

The committee bill contains neither of those provisions. Indeed instead of continuing such requirements, as is now in the law, the committee bill strikes out and repeals both of them. And yet they harp here about this being President Eisenhower's program—the administration's request on the subject of public housing. Nothing could be further from the truth.

Now, Mr. Chairman, if you are opposed to public housing, here is a chance to vote against it. Public housing is now dead. It was killed last year by the House and the Senate. Today we decide not whether it be continued but whether we attempt to breathe the breath of life into the dead carcass. Let us not march back down the hill and wipe out the progress that has so laboriously been made in the past. The House has voted against it repeatedly. Of course, if this goes to conference, we have been told already that probably there will be some compromise. There will be a record vote and those who favor it will have a chance to go on record at that time. But at this time the only proper thing to do, if you have any question about the propriety of public housing or if you are for it and you feel it should be restricted to the so-called welfare level, is to vote for the Wolcott substitute.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. FISHER. I yield.

Mr. DIES. There is more reason to vote against the committee bill today than there was last year; is that not true?

Mr. FISHER. Oh, yes. Above everything. Now is the time to strike out the committee bill and to take the Wolcott substitute and let it go to conference and retain these provisions that we have fought for over the years, which in one fell swoop are wiped out by the committee bill. Now is the time to act and not postpone or compromise a decision.

The CHAIRMAN. The time of the gentleman from Texas has expired.

The Chair recognizes the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I wish to touch upon a phase that has not as yet been considered.

I think the Committee on Banking and Currency has a fine reputation in this House. I think over all the years it has been respected as a great committee. The Committee on Banking and Currency worked many days on this bill. There were many days of public hearings, many days in executive session. Finally a bill resulting from weeks of hard labor was reported out. The Rules Committee refused to grant a rule because some of the members did not like some of the provisions in the bill.

A distinguished member of the committee—and no one has greater affection and esteem for the gentleman from Michigan than have I—unfortunately was called from the sessions of the committee in the closing days, and on his return he drew up a bill which was not submitted to the committee. It was his own handiwork.

It was merely a skeleton continuing many of the authorizations that the construction people want. If we pass no housing bill at all we are going to have sorry times because construction is bound to stop with the cessation of governmental financing. So the gentleman from Michigan brought up this bill merely extending those authorizations. He argues that upon the framework of his skeleton the conferees can construct their own creation.

The question presented is whether the House sitting as Committee of the Whole shall substitute for the will of one of its great committees the will of one member of that committee. It is a dangerous precedent to establish, a precedent that will arise in the future to plague the House.

The adoption of the substitute bill will deprive this body of the right to pass upon its own bill and turn over to the conferees the rights and responsibilities of this body.

In the bill reported by the Committee is provision for housing for the aged. There is no such provision in the be-graved skeleton of the gentleman from Michigan. There is gravy in the skeleton for others, for the aged there is not even a crumb.

If the majority of this body does not wish to make even a gesture toward helping our senior citizens, it can vote to strike the provision from the Committee's bill. By adopting the substitute of the gentleman from Michigan it will be sneaking around the corner to avoid showing its intention to give our senior citizens the Eskimo treatment.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HIESTAND].

Mr. McDONOUGH. Mr. Chairman, I ask unanimous consent that the time allotted to me may be transferred to the gentleman from California [Mr. HIESTAND].

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. MASON. Mr. Chairman, I object. I am back on the job. From now

on there will be no more transfers or extensions.

(Mr. HIESTAND asked and was given permission to revise and extend his remarks.)

Mr. HIESTAND. Mr. Chairman, in the 11 days of hearings that our committee had, no evidence was supplied that we needed any additional public housing. I have gone through the minutes very carefully. No evidence was offered.

We have been told that the President's message of 1955 advocated 35,000 more units. That is not the way he worded it. He said: "Carry out the program of the previous Congress." The program of the last Congress was carefully geared to serve the needs of the country and to carry out the will of the Congress as expressed in the great Housing Bill of 1954.

Mr. Chairman, the Spence bill is not an administration bill. There are some 11 major points to which the administration objects. It is not an administration bill. It takes away, as the distinguished gentleman from Texas just mentioned, all of the restrictions and safeguards this Congress had voted into the bill as a protection to the basic principles of free enterprise. The administration bill definitely said it would supply all the needs of the victims of slum clearance.

The Wolcott substitute provides all of the essential parts that need to be carried over.

I advocate the Wolcott substitute.

The committee repeals all restrictions in the Housing Act of 1954. They include:

The requirement that a community must show a workable program of slum clearance and urban rehabilitation, that the total number of housing units covered by such new contracts shall not exceed the total number of dwelling units of families to be displaced as a result of Federal, State, or local governmental action in such community.

It would repeal the protection of communities against unwanted projects, as at Los Angeles, Roanoke, and many other places.

It would repeal the Gwinn anti-Communist provision.

It completely repeals the administration's defense housing request known as the Capehart bill which passed the other body.

We have three times voted down the Socialist public housing program. This Spence bill would revive it and revive it without limit. The sky is the limit and no safeguards.

In Los Angeles a hundred thousand people more voted to throw it out than voted in favor, yet the public housing bureaucrats said "You shall have it anyway."

And believe it or not, Mr. Chairman, we had it jammed down our throats, in spite of the will of the people.

Subsidized public housing costs the taxpayers of our country \$26.90 per month per unit on the average, and as vacancies climb it will increase. The request for deficit coverage has increased from \$21 million in 1951 to \$87 million for this year—and these projects run on for 40 years.

Let us not reverse our three votes against public housing. The country does not want it. Let us let it stay dead.

The Wolcott amendment supplies the urgent need. I ask its approval.

Mr. BUDGE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BUDGE. Some time ago I offered an amendment. I am wondering if it would not be well to dispose of that amendment at this point. The amendment is still pending.

The CHAIRMAN. The Chair understands that. The request submitted by the gentleman from Kentucky related to the Wolcott amendment and all amendments thereto, which included the amendment offered by the gentleman from Idaho.

The gentleman from New York [Mr. POWELL] is recognized.

Mr. POWELL. Mr. Chairman, at 4 o'clock, after the Budge amendment is voted on, there will be an amendment read by the Clerk which I have prepared, to clean up the slums of unhealthy thinking on the part of our Federal Housing Administrators, which has worked contrary to the decisions against segregation by the Supreme Court and policies voiced by the President. What do we have at the present time? A picture that shows that segregation in the North is worse than it is in the South when sponsored by our Federal Housing Authorities. We have more segregation in Levittown, Pa., than we have in Jackson, Miss.

It is time that we pass legislation that will make builders, renters, lenders, buyers, borrowers become Americans.

I will use as background the statement of Clarence Mitchell, director, Washington Bureau, National Association for the Advancement of Colored People.

The national housing program is a cruel and disgusting hoax so far as colored citizens of the United States are concerned. Each year, through the expenditures of millions of dollars in FHA, VA, and slum clearance programs, the United States is expanding housing segregation.

It is an incredible paradox that the same Government which has valiantly and successfully fought racial segregation on other fronts is actively promoting segregation in the places where our citizens live.

An analysis of census data, 1940-50, reveals the following facts:

Nonwhites comprised 10.3 percent of the total population in 1950, but occupied only 8.6 percent of all occupied dwelling units.

The nonwhite population increased at a faster rate than the number of dwelling units it occupied—15 percent against 10 percent—whereas the reverse was true for whites—14 percent against 23 percent. For nonfarm areas alone, the nonwhite population rose by nearly 40 percent, while the number of dwelling units it occupied increased by only 31 percent.

The proportion of overcrowded units, with more than 1½ persons per room, among nonfarm dwellings occupied by nonwhites was some 4 times as high as that for whites.

In nonfarm housing only, the proportion of dilapidated homes among nonwhites was 5 times as high as among whites—27 percent as compared to 5.4 percent—and, in addition, the proportion of homes not dilapidated but lacking in one or more of piped running water, private flush toilet, private bathtub or shower, was more than twice as high among nonwhites as among whites, 35 percent as compared to 17 percent.

Although homeownership rose sharply among nonwhites during the decade 1940–50, nearly two-thirds of the nonwhite households in nonfarm areas were still renters in 1950 as compared with 45 percent of white nonfarm households.

Our efforts have been partly successful in that we have ended court enforcement of racial, restrictive covenants. Where there is a willing seller, and a colored purchaser has the money and access to lending resources, segregation is ending in many old housing units in metropolitan areas.

In contrast, where new housing is built with the help of the resources of the Veterans' Administration, the Federal Housing Agency, and other Federal agencies, there is an ironclad policy of building whole cities for whites only.

The classic example of this is found in Bucks County, Pa., in a development known at Levittown.

I hope the next time that any of you gentlemen go to New York you will just look to the left on the northbound train and see that huge sign which advertises "Levittown," a whole new city in Bucks County, Pa.

The builder of this development could not have done so without the aid of the Federal Government. To many he may be the example of a successful builder, but, in the eyes of minority group members who are denied housing by him solely because of race, he is a symbol of the encroachment of police-state methods in America.

In other words, he has, by his personal fiat, with the help of the Government, set up a rule in that town of several thousand people that you may bring a dog in, but you may not buy a house if you are a colored man, even though you have the money.

A comprehensive suggestion for providing a remedy was submitted to Raymond Foley, Administrator of the Housing and Home Finance Agency, on January 11, 1952. Mr. Foley and his aides took the suggestions under advisement. Nothing was done to correct the problem.

When the new Administrator took office, our organization met with him on March 15, 1953, to discuss the problem and to make recommendations for correction. During that year we had additional meetings with the Administrator on May 7 and July 22. It is significant that in the July 22 meeting seven major national organizations also urged the Administrator to act on this problem.

When the President sent his housing message to Congress on January 25, 1954, it contained a reference to the problem of minorities in the housing field as well as a promise that something would be done about it. Questions on what would be done have been raised with the President

from time to time by various organizations, including the NAACP.

On April 7, 1954, Miss Ethel Payne, Washington correspondent of the Chicago Defender, asked the President in his press conference what was being done to implement the promise of his January 25 message. At that time he said he would look into the matter. On May 5, 1954, the same reporter asked what had been learned when he looked into the matter, and the President suggested that she check with the housing agencies for her answer.

The New York Times of August 5, 1954, carried this version of what the President said at his press conference on the previous day when he was asked about minority housing problems:

He had tried as hard—as he knew how to have accepted this idea, that where Federal funds and Federal authority were involved, that there should be no discrimination based on any reason that was not recognized by our Constitution. He would continue to do that.

The courts have struck that down by saying that you can put a restrictive covenant on property, but you cannot enforce it in court. The result is that colored people are able to buy in any neighborhood where there is existing housing, if there is a willing seller, and if they have the money to buy. The Federal Government has done the thing which the courts, we believe, prohibit, and that it, as an arm of Government has said that it will promote and extend racial segregation. The Court has said you cannot enforce segregation through the courts, and it is not being enforced through the courts. It said that the legislatures may not have segregation, and the legislatures do not have segregation in the laws, but the Federal Government contends that as an administrative arm of Government is it not reached by these court decisions and, therefore, they continue to segregate.

Mr. MULTER was on the floor, and I believe Mr. Javits, the present attorney general of the State of New York, a great liberal, offered an amendment which would have accomplished the purpose that we seek here. Mr. MULTER read into the RECORD some correspondence from Mr. Bovard, who was the counsel for the FHA. The burden of that correspondence was that "we don't need this amendment because we can handle it by administrative procedure."

This was the time when the Democrats were in power.

Then after the amendment was defeated on the floor, because FHA said that they could handle it by administrative regulations, we went to FHA. FHA said, "There is nothing we can do about it because if we do Congress will cut our appropriations and make it tough for us." In other words, it is just a vicious circle.

How, in your opinion, has the Voluntary Mortgage Loan Organization facilitated in any way the lending of money or provisions for lending of money to minority groups?

It is strictly a paper program. I think they have made some 200 or more—201 loans.

Loans under that program, but so far as I know, very few have been for minority groups. The Housing Agency made an announcement when it made a loan to a colored man in Washington. It had a big news release on it and had a picture. It turned out there wasn't anything controversial about it. The man lived in a neighborhood where colored people were already living and apparently could have gotten aid from another source. In other words, it is sort of a hoax.

Here is an example of brutal Jim Crow in the Housing and Home Finance Agency. On Monday, July 25, Albert M. Cole, Administrator of the Housing and Home Finance Agency, issued to Frank S. Horne, Assistant to the Administrator, a formal reduction-in-force notice, effective midnight August 25, 1955. The notice states:

Budgetary considerations have made a reduction in force in the Office of the Administrator necessary. As a result, the position which you occupy will be eliminated.

Frank Horne was reassigned to the position he now holds in October 1953 in response to nationwide protest over his political ouster from his former civil-service position as Assistant to the Administrator, in charge of the Racial Relations Service. An official HHFA press release, dated October 1, 1953, announcing Frank Horne's replacement as Racial Relations Adviser and his new appointment as Assistant to the Administrator, stated:

Mr. Cole also announced that Dr. Frank S. Horne, whom Mr. Ray succeeds, is being named Assistant to the Administrator. In his new responsibility, Dr. Horne will conduct special studies and develop proposals for the Administrator for possible new approaches to the housing problems of minorities.

"The Agency's policy of giving active and strong support to improved housing opportunities for minorities will continue under these new assignments and the integrity and professional quality of these services will be fully maintained," Mr. Cole said.

"Dr. Horne has had long experience and rendered valuable service in housing and racial relations," Mr. Cole said, "and I believe his abilities will be given broader scope in his new assignment. The need for these services at the policy level is apparent as more and more cities, in their efforts to clear slums and remedy blight, face the need for new and more effective means for housing minorities."

Dr. Horne's services from that day to this have been considered by Mr. Cole and his staff as well as by national leadership across the Nation to be highly satisfactory and of the caliber anticipated from a career Federal employee who, through a period of some 19 years of governmental service—17 of those years in the housing agencies—has become recognized as one of the Nation's leading authorities in racial relations and minority group considerations in the housing field.

Those who protested the original displacement of a highly effective career employee to make possible a political appointment accepted Mr. Cole's "compromise" action appointing Horne to a new job as having been effected in good faith in order to, as Cole stated, main-

tain in the Agency the skills and mature experience attained by Frank Horne. National organizations and leadership have felt that Horne's presence, in the HHFA reflected the continuing intent of the Federal Government to see to it that Negro families received an equal opportunity with all others to buy or rent good housing in decent neighborhoods anywhere in the community. Mr. Cole's use of budgetary considerations to eliminate Horne from the Agency can, therefore, but lead us to question the integrity of the original compromise.

This doubt is aggravated by questions arising as to the validity of the budgetary considerations referred to as justification for Horne's reduction in force. The appropriation for the Office of the Administrator for fiscal 1956 is \$5 million, as compared to only \$2,868,500 last year, during which Horne was maintained in his job. Further, there has been additional recruitment during past weeks which is still proceeding, especially in the urban renewal program, which is an integral part of the Office of the Administrator with which Horne's new activities are associated. In addition, it has been announced that three additional racial relations officers (grade GS-13) are to be appointed to the staffs of the regional representatives of the Office of the Administrator. It would, therefore, appear at least questionable and even racially discriminatory to absorb budgetary reductions by eliminating 1 of only 8 Negroes employed at grades GS-13 or above, when there are 220 such positions now maintained in the Office of the Administrator. This action of Mr. Cole's, therefore, would ultimately necessitate appeal to and review by the President's Committee on Government Employment Policy. If it is possible by partisan political action, first, to displace such a proficient career employee, with veterans' preference, from the position in which he attained distinction and civil service status, place him in a new job, also in the classified service, and then subsequently summarily dismiss him from the Agency by application of budgetary considerations, then no one—regardless of race or status or degree of achievement or political affiliation—can attain any security in Federal employment in a job at any significant professional level.

Further, there was considerable question of the legality of Horne's removal from his original position. Although Horne's job was "excepted" from the Classified Service to make possible a political appointment, there remained a question as to his legal right to remain in the position and the right of the agency to remove him without written notice of the reasons subject to his appeal. Such question appears to have been resolved by the decision of the United States Court of Appeals for the District of Columbia on July 16, 1954, in the case of Roth against Brownell. The Court said:

"Neither the formula of 'excepting' the kind of position a person holds, nor any other formula, can obviate the requirement of the Lloyd-LaFollette Act that 'no person in the classified civil service of the United States

shall be removed * * * therefrom' without notice and reasons given in writing.

This decision was cited by the United States Civil Service Commission in its Departmental Circular No. 789, issued January 24, 1955 which outlined appeals procedure for all other employees against whom previous adverse action may be deemed improper. Frank Horne, in formal memorandum, raised a question with the HHFA some 90 days ago regarding the implications for him of Departmental Circular No. 789. He has as yet received no response whatsoever.

The above facts would lead observers to conclude that the determination now to eliminate Horne's job and, with it, Horne himself from the agency is simply the conclusion of the political effort to oust him from his original job in October 1953. In that instance, the effort was not to eliminate the job but the man in order to make the position available for patronage. In response to demand by an aroused public opinion which protested loudly the political spoliation of a competent, experienced professional operation, a "new job" was set up for Horne. Now "budgetary considerations" are invoked to eliminate the job and Horne. The result now to be effected is revealed as the original intent. The main issue is still whether or not partisan political action is to disrupt a tested professional operation in the field of racial relations and to dislodge a competent career employee of 19 years' service. If Horne goes through this process, the remaining personnel of the Racial Relations Service, in Washington and the field, can be picked off in the same manner.

Finally, many church, labor, business, consumer, and minority group organizations are seriously questioning Government housing policy in regard to the administration of governmental housing programs as far as Negroes and other racial minorities are concerned. They are insisting that federally aided housing be open to all eligible families without regard to race. Since Frank Horne, over a period of years in public service, has been clearly identified as one of the leaders in the fight for equal opportunity for all families to attain decent housing which results from the use of governmental funds and powers, his elimination at this juncture can only be considered by a very large segment of public opinion as overt repudiation by this administration of his work and of the non-discriminatory principles with which he has become identified.

My bill would do the following:

Section 101, loans for home improvements could not be denied to any applicant because of race.

Sections 102 and 103, rental projects built with FHA mortgages in excess of \$5 million would be available to renters without regard to race; cooperative housing projects financed under the revived program would be open to all persons without regard to race; any FHA project guaranteed under the \$4 million authorization in this act would be open to all applicants without regard to race.

Section 104, any housing constructed under the Defense Housing and Community Facilities Service Act in the year 1955-56 would be open to all eligible persons without regard to race.

Sections 105 and 106, any slum clearance project financed by the money authorized under this section—\$200 million for the years 1955 and 1956—must be open to all eligible persons without regard to race.

Section 107, any public housing units authorized under this act must be open to all qualified applicants without regard to race.

Any residences constructed on property acquired by the Housing Administrator under powers granted him under this section and made available for private development for permanent residential development must be open to all applicants without regard to race.

Section 108, any housing for elderly persons made available under this section must be open to all eligible elderly persons without regard to race.

Section 109 relating to the Home Loan Bank Board and section 110, relating to the Home Owners Loan Corporation, would not appear to be affected by title VI.

Sections 202 to 205, any public facility financed by money advanced by the Federal Government by loan or purchase of obligations of a State or its political subdivisions must be open to all persons without regard to race.

Sections 301 to 303, any college housing constructed with loans authorized under title III of this act must be open to all qualified applicants without regard to race.

Sections 401 to 403, any housing constructed under the Wherry Act until 1958 would be available to eligible applicants on an open occupancy basis without regard to race.

Sections 501 and 502, loans made under the farm housing program could not be denied any applicant on the basis of race.

The CHAIRMAN. The time of the gentleman has expired.

The gentleman from New York [Mr. McVEY] is recognized.

Mr. McVEY. Mr. Chairman, I wish to associate myself with the gentleman from Michigan [Mr. Wolcott] in support of his amendment to H. R. 7473.

It seems to me that the Wolcott amendment provides essential elements for a sound, constructive public housing program. Much has been said about the administration program here this afternoon. We do not have before this House any administration program in its entirety. S. 2126 goes much beyond the recommendations of the President of the United States. It provides for 50,400 new housing units. The President asked for only 35,000.

It seems to me that by adopting the Wolcott amendment we should have the best opportunity of coming out of that conference with a bill that will be satisfactory to the President of the United States.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. McDONOUGH].

Mr. McDONOUGH. Mr. Chairman, I would like to call the committee's attention to one of the items the gentleman from Texas [Mr. FISHER] referred to that has been repealed by the committee bill. It is a provision in the Independent Offices Appropriation Act of 1954 which provided that no locality, community, State, or other governing body could have public housing facilities built in it without a vote of the governing body.

You are going to give a Federal bureaucracy complete control to walk into any community, as they did in my community, and foist public housing on the people against their will in many instances where they proceeded to condemn property and proposed to build public housing units that the people did not want. We voted against that. On several occasions we have expressed our views and have voted consistently against public housing.

If you adopt the committee bill you are repealing that section that this Congress put into the act in order to protect the local communities from such an imposition of a Federal bureaucracy.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, it is unfortunate that so many Members who speak with such great authority about this bill not have taken the time to read the committee's hearings, the President's messages, the bill or the law. The fact of the matter is that the Roanoke amendment, the Phillips amendment, the McDonough amendment are all covered by the Hiestand amendment which is a part of the law and is not affected by anything in this bill. The President's appointee, Mr. Cole, who came before our committee, said this bill is the President's program. He said the President asked for 35,000 public housing units. That is what we have provided for.

As to the technical amendments in this will that are not in the Senate bill and will not be in conference if you adopt the Wolcott amendment, let me quote what Mr. Cole said:

And there is another phase of this public housing legislation that is just as vital as the number of units. It is the revision of unworkable and hobbling restrictions that discourage communities from proceeding with their plans and made the authorization itself extremely cumbersome and in some cases impossible of application.

The amendment that you have in the Spence bill to remove the "unworkable and hobbling restrictions" is not in the Senate bill, it is not in the Wolcott bill. Therefore you must vote down the Wolcott substitute if you want the President's program or if you want the public housing program to proceed without the limitations against which the President himself has personally spoken.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Chairman, I am glad the gentleman from New York brought up that question because I have before me the President's attitude in re-

spect to his stand on public housing. It is stated:

The low-rent public housing legislation requested by the administration, unlike the provisions of S. 2126, would be limited to meeting the relocation needs of families of low income displaced by slum clearance and urban renewal projects or by other governmental action. The legislation proposed by the administration would authorize continuation of the public housing program but would retain present requirements which make public housing a part of the Government's overall program for helping cities to eliminate and prevent slums and urban blight.

Therein lies the fundamental difference between what the House and Senate did and what the President wants.

Mr. MARTIN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Massachusetts.

Mr. MARTIN. I might say to the gentleman from Michigan that the administration feels that in adopting the Wolcott amendment and getting the whole subject to conference they will get a bill that more nearly conforms to the wishes of the administration than the bill that is before the House officially today.

Mr. WOLCOTT. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. GREEN].

(Mr. GREEN of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. GREEN of Pennsylvania. Mr. Chairman, I am happy that I have been a staunch supporter of public housing over the years. If I had to depend on what the President stood for and listening to the different members of his own party get up on the floor, I would certainly say that I would be very much confused. I am not voting for the public housing program because of the memory of Bob Taft or because the President is for it. If Bob Taft or the President happen to be for public housing, I am glad to have them associated with me. I think the Wolcott amendment should be defeated and the committee bill should be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, I will not delay the vote very long. It has been suggested by the distinguished gentleman from Indiana [Mr. HALLECK] that the proper way to legislate in the House is to send a skeleton bill to conference and work it out in conference. I admit that would be a very easy way for the House to discharge its duty, but I think it is not in conformity with what the framers of the Constitution meant. They wanted us to work it out in this body. I am not in favor of surrendering the dignity of the House, the influence of the House, to the Senate by any such proceeding as that.

Mr. WILSON of Indiana. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. WILSON of Indiana moves that the committee do now rise and report the bill back to the House with instructions that the enacting clause be stricken out.

Mr. WILSON of Indiana. Mr. Chairman, I just happened to walk in at the time that the gentleman from New York [Mr. POWELL] was making his plea on behalf of non-segregation, so I take this time to ask the gentleman from New York a question. It was just the other day—I believe it was day before yesterday—that I offered an amendment to the public roads bill which would have given the Negro an equal opportunity with the whites to work on public works projects, paid for by tax money taken from them both, in building roads. Also to make the facilities built with funds raised through taxes on the Negroes as well as the white people, equally available to all races, colors, and creeds.

Now, I would like to ask the gentleman from New York how he voted on that amendment which I offered.

Mr. POWELL. Mr. Chairman, if the gentleman will yield, I was not here, but if I had been here, I would gladly have voted for it, because the gentleman discussed his amendment with me.

Mr. WILSON of Indiana. I noticed two folks on the gentleman's side of the aisle, great champions of the Negro, who belong to the gentleman's race, stand up and vote against my amendment. Now, I want to know who the real champions of the Negroes are, those who stand on the floor of the House giving lip service to this cause or those who stand on the floor of the House fighting for equal rights for all people regardless of race, color, or creed.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Indiana [Mr. WILSON].

Mr. SPENCE. Mr. Chairman, I rise in opposition to the preferential motion.

I certainly do not think the gentleman is serious if he expects the Committee to rise when it has not considered the bill, when we have not voted on a single amendment. Certainly we would be recreant to our duties if we did anything like that. We have spent a long time in the consideration of this bill in committee. We have considered it today to this point. Not a single person knows what will be done with this bill now.

It has been suggested that we might send over a skeleton bill to the Senate, and let the conferees work our will. I hope, and I sincerely hope, the House will not vote for the preferential amendment. It not only means that we have not considered this great question, but it means that we are unwilling to consider it in the ordinary processes of legislation. Certainly there is no sentiment for such a proceeding as that at this time.

Mr. WILSON of Indiana. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. SPENCE. I yield.

Mr. WILSON of Indiana. Mr. Chairman, I ask unanimous consent to withdraw the preferential motion.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. BOYLE. Mr. Chairman, I object.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. MULTER. Mr. Chairman, I hold in my hand a copy of the most recent of the press conferences of our great President of this country, which was held on July 27, 1955. At that time he was told of the controversy in the House and in the Congress and asked whether or not the Spence bill or the bill as reported by the Committee on Banking and Currency now before us represented his program, or whether the Wolcott substitute represented his program. His answer was that he wanted public housing without the limitations that are in the existing law, and those limitations, the President in that conference indicated he did not want are eliminated by the Spence bill or by the Banking and Currency Committee bill as now before us in the Senate version as amended by us, and not in the Wolcott bill, anything to the contrary by any Member notwithstanding.

Mr. SPENCE. Of course, that is true. The President reiterated it three times previously in state messages.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. DIES. It is my understanding that the President was misquoted.

Mr. SPENCE. Was misquoted by whom?

Mr. DIES. By the press.

Mr. SPENCE. You do not have to look to the press to quote the President. We can read his state papers, three of them, in each of which he said the same thing; one in his message on the state of the Union, another in his Budget message, and another in his message on the Economic Report. He reiterated his position in each. That seems to be what the President wants with reference to public housing and it is certainly a closed issue and to endeavor to debate it any more would almost be a reflection on the President. The President said what he wanted and he said it in unequivocal language.

Mr. BOYLE. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman.

Mr. BOYLE. I have a letter sent to me by the Administrator of the Housing and Home Finance Authority, which I received this morning. He indicates that the District of Columbia had mortgage commitments for 1,429 public housing units for 1954. I submit that if it is evident, as it surely is, because he so testified in answer to a question I asked, that there were and I quote people are living in unsafe and indecent and in slums and squalor on 7th and 8th Streets, and that he had committed 1,400 units right here in the District of Columbia where you have practically all the money in the world and where about 80 percent of the married couples have two incomes—I submit that if it is necessary here there are a great many other

places in the country equally in need of public housing.

Mr. SPENCE. There is no doubt about that. Our capital is the most beautiful city in the world, but you do not have to go far to see slums in this beautiful city.

Mr. BUDGE. Mr. Chairman, I rise in opposition to the pro forma amendment.

The CHAIRMAN. All debate on the preferential motion has ended.

The question is on the preferential motion of the gentleman from Indiana [Mr. WILSON].

The preferential motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho [Mr. BUDGE] to the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The question was taken; and on a division (demanded by Mr. BUDGE) there were—ayes 138, noes 114.

So the amendment was agreed to.

Mr. POWELL. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. POWELL to the amendment offered by Mr. WOLCOTT: At the conclusion of section 5, line 22, add a new section as follows:

"SEC. 6. The aids and powers made available under the several sections of this act are not to be conditioned or limited in any way on account of the race, religion, or national origin of builders, lenders, renters, buyers, or families to be benefited."

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken; and on a division (demanded by Mr. POWELL) there were—ayes 113, noes 168.

Mr. POWELL. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. POWELL and Mr. WOLCOTT.

The Committee again divided; and the tellers reported there were—ayes 112, noes 158.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WOLCOTT and Mr. BROWN of Georgia.

The Committee divided; and the tellers reported that there were—ayes 200, noes 147.

So the amendment was agreed to.

Mr. GUBSER. Mr. Chairman, I am particularly concerned about title 3 of H. R. 5827, the college housing program. I consider this program to be most worthy and hope that the House sees fit to include it under any House bill finally passed.

I am informed that if the Wolcott substitute passes today, an attempt will be made to insert title 3 in the House-Senate conference. In reliance upon this information, I shall support the Wolcott substitute in the hope that title 3 will be restored in conference and that the requests of President Eisenhower as to public housing will be complied with.

Mr. DONOHUE. Mr. Chairman, ever since becoming a Member of Congress, I have been vitally concerned about the legislative problem of Federal assistance to provide adequate housing facilities for the American people. As a matter of fact, the first bill I introduced in the Congress was a housing bill to assist our war veterans in the buying and building of homes so that they could resume a natural, normal civilian life with their families.

I rise in support of this housing bill before us now because I very deeply believe that its basic objectives of providing further limited public housing, elimination of slums, and development of urban communities are in the national interest.

It is quite true that we have made some real progress toward reducing the overall critical housing shortage that has existed in this country. It is equally true that there are still a great many cities and communities in desperate need of help for slum clearance and urban development programs. It is also true that there are yet a great many American families who, through no fault of their own, cannot find decent places in which to live.

Under the public housing provisions of this measure, the vast number of low-income families will be afforded vitally needed assistance in locating themselves in wholesome neighborhoods; families who have been evacuated because of slum clearance will be given assistance in relocating themselves, and families of elderly people, who have so long been neglected in this housing problem, will be extended practically lifesaving aid. It is, therefore, with the greatest sincerity, I urge you to reject any amendments that may be offered here to remove public housing from this bill. I would remind you that the President himself has recognized the need for the continuation of this program and repeatedly requested its retention, advocating authorization for the construction of at least 35,000 units per year for 4 years.

Mr. Chairman, no one will question that slum areas in the cities throughout this Nation are recognized breeding places of crime and disease and as such, should be eliminated. From the evidence of record it is obvious that most cities and communities cannot do the job within their own resources and must have Federal help, especially in the matter of relocating the families who formerly resided in those blighted areas. Public housing is absolutely essential in providing that relocation and development. It therefore appears but simple common sense to reasonably continue this program which has proven so beneficial to so many American families at such comparatively small cost, especially when measured against the foreign financial subsidies we so generously grant to allies of dubious friendship.

Mr. Chairman, there are many other commendable provisions in this bill, prominent among which are: the so-called college-loan program authorizing loans to educational institutions to assist in providing housing for their students

and faculties; the military rental housing title of the bill bringing the Wherry Act up to date and making it a fully workable vehicle for obtaining privately built, privately financed and privately owned housing in many areas where housing for the military is critically needed; the provision under title II reviving the program of assistance to municipalities in financing public facility improvements, such as sewage and water distribution systems; the provision for the continuation through fiscal year 1956 of the farm housing assistance program, as well as provisions of guaranties that there will be no more windfalls for unscrupulous operators by Federal mortgages and loans for the construction of multidwelling units. All these titles, and the several others in the measure, have been carefully explained by the members of the committee and floor managers of the bill, so I shall not transgress upon the time of this House by expanding on them further.

Mr. Chairman, in substance this measure enables us to grant modest and reasonable assistance to American parents who vitally need help in trying to bring up their families in godly cleanliness, healthful happiness, and patriotic loyalty. It affords us an opportunity to strike a real legislative blow against the danger of any American acceptance of subtle communistic propaganda against our capitalistic system.

Mr. Chairman, the basic unit of this Nation is the American family, and the first necessity for Christian family life is a decent place in which to live. Therefore, I earnestly urge you all to reject any crippling amendments and unanimously approve this legislation designed for the good of all Americans.

Mr. WOLVERTON. Mr. Chairman, I am in full accord with the provisions of bill S. 2126 as reported by the Committee on Banking and Currency.

This extends and clarifies laws relating to the provisions for improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, and the financing of vitally needed public works.

I prefer this bill to the so-called Wolcott bill because it is more nearly in accord with what the President has recommended, and provides a much more expanded and extensive program than the Wolcott bill.

The bill reported by the committee, and now before us for consideration, is particularly preferable to the Wolcott bill because among other things it provides a program for building 35,000 additional units for each of the next 2 fiscal years. It is now generally recognized that if the slum clearance and urban renewal program is to go forward, public housing must be provided for low-income families displaced by these operations.

Another feature of the bill, as reported, that has a particular appeal to me relates to the provision that makes possible a program of housing for elderly families of low income.

The committee in its report to Congress states it has been particularly im-

pressed by the housing difficulties confronting elderly families of low income. We must not overlook the fact that elderly persons are progressively increasing, not only in number, but also as a percentage of our whole population. In 1940 there were 9 million persons over 65 years who represented 6.8 percent of our population, while by 1950 this number had increased to 12.3 million, representing 8.1 percent of the whole population. As the span of life continues to increase, the proportion of elderly citizens in our population will likewise increase.

A study reveals that the housing conditions of the elderly are, in general, worse than those of other families. This is largely due to the fact that elderly families have lost most of their earning capacity and have much lower incomes than other families.

In order to assist in meeting the housing problems of elderly persons of low income, the bill authorizes the Public Housing Administration to permit local public housing agencies to construct dwelling units designed for use of the elderly, or reconstruct or remodel any low-rent housing to provide accommodations for such elderly families.

There are many other admirable and necessary improvements in the existing public housing program provided for in the committee bill. It is my intention to give such bill my support, and if it should fail of passage in the House then it will be necessary for me to support such measure as will clear the House. In so doing the program for housing will be kept alive sufficiently for the Senate to act and with the hope that the conference between the House and Senate will support the present House committee bill.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. WALTER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, pursuant to House Resolution 326, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 217, nays 188, answered "present" 2, not voting 27, as follows:

[Roll No. 140]

YEAS—217

Abbitt	Andersen,	Auchincloss
Abernethy	H. Carl	Avery
Adair	Andresen,	Barden
Alexander	August H.	Bates
Alger	Andrews	Beamer
Allen, Calif.	Arends	Belcher
Allen, Ill.	Ashmore	Bell

Bentley	Haley	Ostertag
Berry	Halleck	Passman
Betts	Harden	Pillion
Blitch	Hardy	Poage
Bolton,	Harrison, Nebr.	Poff
Frances P.	Harrison, Va.	Ray
Bolton,	Harvey	Reed, Ill.
Oliver P.	Hébert	Rces, Kans.
Bonner	Henderson	Rhodes, Ariz.
Bosch	Herlong	Richards
Bow	Hess	Richman
Boykin	Hiestand	Riley
Brooks, La.	Hill	Robeson, Va.
Brown, Ohio	Hinshaw	Rogers, Fla.
Broyhill	Hoeven	Rogers, Tex.
Budge	Hoffman, Mich.	Rutherford
Burdick	Holt	Sadlak
Burleson	Hope	St. George
Bush	Horan	Schenck
Byrnes, Wis.	Hosmer	Scherer
Carlyle	Hyde	Schwengel
Cederberg	Ikard	Scrivner
Chase	James	Scudder
Chatham	Jarman	Selden
Chenoweth	Jenkins	Sheehan
Church	Jensen	Short
Cole	Johansen	Siler
Colmer	Johnson, Calif.	Simpson, Ill.
Coon	Jonas	Simpson, Pa.
Coudert	Jones, Mo.	Smith, Kans.
Cramer	Jones, N. C.	Smith, Miss.
Crumpacker	Kearns	Smith, Va.
Cunningham	Keating	Smith, Wis.
Curtis, Mo.	Kilday	Springer
Dague	Kilgore	Taber
Davis, Ga.	King, Pa.	Talle
Davis, Tenn.	Knox	Taylor
Davis, Wis.	Laird	Teague, Calif.
Dawson, Utah	Landrum	Thomas
Derounian	Latham	Thompson, La.
Devereux	LeCompte	Thompson,
Dies	Lipscomb	Mich.
Dixon	Lovre	Thomson, Wyo.
Dolliver	McConnell	Tuck
Dondero	McCulloch	Utt
Dorn, S. C.	McDonough	Van Pelt
Dowdy	McIntire	Velde
Durham	McMillan	Vorys
Ellsworth	McVey	Vursell
Fenton	Mack, Wash.	Weaver
Fernandez	Mahon	Westland
Fisher	Martin	Wharton
Fjare	Mason	Whitten
Flynt	Matthews	Wickersham
Ford	Meador	Widnall
Forrester	Morrow	Wigglesworth
Gamble	Miller, Md.	Williams, Miss.
Gary	Miller, Nebr.	Williams, N. Y.
Gathings	Miller, N. Y.	Willis
Gavin	Minshall	Wilson, Calif.
Gentry	Murray, Tenn.	Wilson, Ind.
George	Nelson	Winstead
Grant	Nicholson	Withrow
Gross	Norblad	Wolcott
Gubser	Norrell	Wright
Gwinn	O'Hara, Minn.	Young
Hale	Osmer	Younger

NAYS—188

Addonizio	Cooley	Gray
Albert	Cooper	Green, Oreg.
Ashley	Corbett	Green, Pa.
Aspinall	Cretella	Gregory
Bailey	Curtis, Mass.	Griffiths
Baker	Davidson	Hagen
Baldwin	Dawson, Ill.	Hand
Barrett	Deane	Hays, Ark.
Bass, N. H.	Delaney	Hays, Ohio
Bass, Tenn.	Dempsey	Hayworth
Baumhart	Denton	Heseltun
Becker	Diggs	Holifield
Bennett, Fla.	Dodd	Holmes
Elatnik	Dollinger	Holtzman
Boggs	Donohue	Huddleston
Boland	Donovan	Hull
Bolling	Dorn, N. Y.	Jennings
Bowler	Doyle	Johnson, Wis.
Boyle	Edmondson	Jones, Ala.
Bray	Elliott	Judd
Brooks, Tex.	Engle	Karsten
Brown, Ga.	Fallon	Kean
Brownson	Fascell	Kee
Buckley	Felghan	Kelly, N. Y.
Burnside	Fine	Kelley, Pa.
Byrd	Fino	Keogh
Byrne, Pa.	Flood	King, Calif.
Canfield	Fogarty	Kirwan
Cannon	Forand	Klein
Carnahan	Fountain	Kluczynski
Carrigg	Frelinghuysen	Knutson
Celler	Friedel	Lane
Cheif	Fulton	Lanham
Christopher	Garmatz	Lankford
Chudoff	Gordon	Lesinski
Clark	Granahan	Long

McCarthy	Patman	Sieminski
McCormack	Patterson	Sikes
McDowell	Pelly	Sisk
Macdonald	Pfost	Spence
Machrowicz	Philbin	Staggers
Mack, Ill.	Pilcher	Steed
Madden	Polk	Sullivan
Magnuson	Powell	Thompson, N. J.
Mailliard	Preston	Thompson, Tex.
Marshall	Price	Thornberry
Metcalf	Priest	Tollefson
Miller, Calif.	Prouty	Trimble
Mills	Quigley	Tumulty
Mollohan	Rabaut	Udall
Morano	Rains	Vanik
Morgan	Reuss	Van Zandt
Morrison	Rhodes, Pa.	Vinson
Moss	Roberts	Wainwright
Moulder	Robison, Ky.	Walter
Multer	Rodino	Watts
Murray, Ill.	Rogers, Colo.	Wier
Natcher	Rogers, Mass.	Williams, N. J.
O'Brien, Ill.	Rooney	Wolverton
O'Brien, N. Y.	Roosevelt	Yates
O'Hara, Ill.	Saylor	Zablocki
O'Konski	Scott	Zelenko
O'Neill	Seely-Brown	

ANSWERED "PRESENT"—2

Harris Jackson

NOT VOTING—27

Anfuso	Frazier	Phillips
Ayres	Hillings	Radwan
Bennett, Mich.	Hoffman, Ill.	Reece, Tenn.
Buchanan	Kearney	Reed, N. Y.
Chiperfield	Kilburn	Rivers
Clevenger	Krueger	Shelley
Dingell	McGregor	Sheppard
Eberharter	Mumma	Shuford
Evins	Perkins	Teague, Tex.

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Jackson for, with Mr. Shelley against.
Mr. Rivers for, with Mr. Radwan against.
Mr. Chiperfield for, with Mr. Anfuso against.

Mr. McGregor for, with Mrs. Buchanan against.

Mr. Shuford for, with Mr. Perkins against.
Mr. Harris for, with Mr. Dingell against.
Mr. Hoffman of Illinois for, with Mr. Shepard against.

Mr. Krueger for, with Mr. Frazier against.
Mr. Teague of Texas for, with Mr. Ayres against.

Until further notice:

Mr. Evins with Mr. Hillings.
Mr. Eberharter with Mr. Phillips.

Mr. JACKSON. Mr. Speaker, on the vote just concluded, I voted "aye." I have a pair with the gentleman from California, Mr. SHELLEY. Had he been present he would have voted "nay." Therefore, I withdraw my vote "aye" and vote "present."

Mr. HARRIS. Mr. Speaker, I have a live pair with the gentleman from Michigan, Mr. DINGELL. If he were present he would have voted "no." I voted "aye." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. MULTER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MULTER. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. MULTER moves to recommit the bill S. 2126 to the Committee on Banking and Currency, with instructions to report it back forthwith with the following amendment: Strike out all after the enacting clause and insert the following: "That this act may be cited, as the 'Housing Amendments of 1955.'"

"TITLE I—GENERAL HOUSING AMENDMENTS

"Home improvement loans

"SEC. 101. (a) Section 2 (a) of the National Housing Act, as amended, is hereby amended by striking 'July 1, 1955' and inserting 'July 1, 1956.'

"(b) Clause (iii) of the second paragraph of section 2 (a) of said Act, as amended, is hereby amended by striking 'six months' and inserting in lieu thereof 'two months.'

"(c) Section 2 (b) of said act, as amended, is hereby amended by striking 'exceeds \$2,500' and by inserting a comma immediately preceding 'exceeds \$3,000.'

"Mortgage insurance

"SEC. 102. (a) Section 203 (i) of said act, as amended, is hereby amended by striking 'the total amount of insurance outstanding at any one time under this proviso not to exceed \$100 million.'

"(1) not to exceed \$12½ million, or, if the mortgage is executed by a mortgagor coming within the provisions of clause (b) (1) of this section, such dollar limit with respect to any one mortgage instrument and with respect to the aggregate amount of such commitments shall be \$50 million;";

"(2) by striking clause 1 of section 213 (b) and inserting:

"(1) not to exceed \$12½ million, or, if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, such dollar limit with respect to any one mortgage instrument and with respect to the aggregate amount of such commitments shall be \$25 million; and;"

"(3) by striking clause (1) of section 220 (d) (3) (B) and inserting:

"(1) not to exceed \$12½ million, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not to exceed \$50 million; and;" and

"(4) by striking '\$5 million' in sections 213 (c) and 221 (d) (3) and inserting: '\$12½ million.'

"(c) Section 213 (b) (2) of said act, as amended, is amended by striking out 'the estimated value' both times it appears and inserting in lieu thereof 'the amount which the Commissioner estimates will be the replacement cost.'

"(d) Section 213 (b) (2) of said act, as amended, is further amended by striking out '65 percent' and inserting in lieu thereof '50 percent.'

"(e) Section 213 of said act, as amended, is hereby amended by adding, in the last sentence of subsection (d), after the words 'subsection (a) of this section,' the words 'may include eight or more family units and.'

"(f) Section 217 of said act, as amended, is hereby amended by striking 'July 1, 1954' and inserting 'July 1, 1955,' and by striking '\$3½ billion' and inserting '\$4 billion.'

"(g) Section 220 (d) (3) of such act, as amended, is amended as follows:

"(1) In subparagraph (A) by striking out 'the appraised value' and inserting in lieu thereof 'the amount which the Commissioner estimates will be the replacement cost, and by striking out 'such value' and inserting in lieu thereof 'such cost;' and

"(2) In subparagraph (B) (ii) by striking out 'the estimated value' and inserting in lieu thereof 'the amount which the Commissioner estimates will be the replacement

cost, and by striking out 'value' and inserting in lieu thereof 'replacement cost.'

"(h) In the performance of, and with respect to, the functions, powers, and duties vested in him by section 213 of the National Housing Act, as amended, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Cooperative Housing, and provide the Special Assistant with adequate staff, whose sole responsibility will be to expedite operations under such section and to eliminate obstacles to the full utilization of this section under the direction and supervision of the Commissioner. The person so appointed shall be fully sympathetic with the purposes of such section.

"(i) Clause (a) of the second sentence of section 227 of said act, as amended, is hereby amended by striking 'under section 221' and inserting 'under section 221 if the mortgage meets the requirements of paragraph (3) of subsection (d) thereof.'

"(j) Clause (iii) of section 227 (a) of said act is amended to read as follows: '(iii) under section 220 if the mortgage meets the requirements of paragraph (3) (A) of subsection (d) thereof and covers a dwelling designed principally for residential use for more than four families, or if the mortgage meets the requirements of paragraph (3) (B) of subsection (d) thereof.'

"(k) Section 221 (a) of said act, as amended, is amended as follows:

"(1) By inserting after the words 'in order to assist in relocating families' the following: 'from urban renewal areas and in relocating families;'

"(2) By striking out the words 'to be so displaced' in the first proviso of the second sentence;

"(3) By striking out the words 'to be so displaced and' and inserting 'referred to above' in the second proviso of the second sentence.

"(1) Section 223 (a) of said act, as amended, is amended by striking out 'section 203 or section 207' each time it appears and inserting in lieu thereof 'section 203, 207, or 213.'

"Federal National Mortgage Association

"SEC. 103. (a) The second sentence of section 304 (a) of said act, as amended, is amended by striking out the words 'at the market price for the particular class of mortgages involved, as determined by the Association' and inserting in lieu thereof 'at a reasonable price level, as determined by the Association, taking into consideration the market for mortgages of the same general class, and current yields on, and reasonably foreseeable price trends of, long-term Government bonds and other forms of long-term investment.'

"(b) Section 305 of said act, as amended, is amended by adding at the end thereof the following:

"(e) Notwithstanding any other provision of this act, the Association is authorized to enter into advance commitment contracts which do not exceed \$50 million outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 either a commitment to insure or a statement of eligibility; but not more than \$5 million of such authorization shall be available for such commitments in any one State.'

"Extension of title IX of the National Housing Act

"SEC. 104. The second sentence of section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended as follows:

"(1) By striking out the figures '1955' both times they appear therein and inserting in lieu thereof '1956';

"(2) In clause (a) thereof by striking out the words 'designate hereunder' and inserting in lieu thereof 'designate hereunder or (iii) pursuant to a commitment to insure issued pursuant to the preceding clause (ii)'; and

"(3) In clause (b) thereof by striking out the words 'designate hereunder' and inserting in lieu thereof 'designate hereunder or thereafter pursuant to a commitment to extend assistance for such community facilities or services or to construct such temporary housing or community facilities, issued before the close of July 1, 1956.'

"Slum clearance and urban renewal

"SEC. 105. (a) Section 103 (b) of the Housing Act of 1949, as amended, is hereby amended by striking '\$100,000,000, which limit shall be increased by further amounts of \$100,000,000 on July 1 in each of the years 1950, 1951, 1952, and 1953, respectively: *Provided*, That (subject to the total authorization of not to exceed \$500,000,000)' and inserting '\$500,000,000, which limit shall be increased by further amounts of \$200,000,000 on July 1 in each of the years 1955 and 1956, respectively: *Provided*, That'.

"(b) Section 106 (e) of said act, as amended, is hereby amended by striking '\$35,000,000' and inserting '\$70,000,000.'

"(c) Section 110 (c) of said act, as amended, is hereby amended by inserting between the first and second sentences thereof the following sentence: 'Where land within the purview of subparagraph (1) (ii) or (1) (iii) hereof (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided*, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ percent of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title.'

"SEC. 106. The Territorial Enabling Act of 1950 (64 Stat. 344) is hereby amended—

"(1) by inserting 'urban renewal,' after 'urban redevelopment,' in the title;

"(2) by inserting ', and urban renewal' after 'redevelopment' in the heading of title I;

"(3) by inserting 'and urban renewal projects' after the term 'urban redevelopment projects' in each place where that term appears in title I;

"(4) by inserting 'urban renewal,' after 'redevelopment,' in the heading of title III;

"(5) by inserting 'urban renewal,' after 'urban redevelopment,' in sections 301 and 303;

"(6) by inserting 'or urban renewal' after 'urban redevelopment' in section 304;

"(7) by inserting 'as amended,' after '(Public Law 171, Eighty-first Congress),' in sections 101, 301, and 304;

"(8) by inserting 'as amended,' after 'Housing Act of 1949,' in the clause numbered '(1)' in section 304; and

"(9) by inserting ', as amended,' after 'this act' in sections 101, 301, and 304.

"Public housing

"SEC. 107. (a) Section 101 (c) of title I of the Housing Act of 1949, as amended, is amended by striking out 'or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as

amended, for any project or projects not constructed or covered by a contract for annual contributions prior to the effective date of the Housing Act of 1954.'

"(b) There are hereby repealed—

"(1) the third proviso and clause (2) of the eighth proviso appearing in that part of the First Independent Offices Appropriation Act, 1954, which is captioned 'Annual contributions:' under the heading 'Public Housing Administration';

"(2) clause (2) of the third proviso, and the fourth proviso, appearing in that part of the Independent Offices Appropriation Act, 1953, which is captioned 'Annual contributions:' under the heading 'Public Housing Administration';

"(3) the fourth proviso appearing in that part of the Independent Offices Appropriation Act, 1952, which is captioned 'Annual contributions:' under the heading 'Public Housing Administration';

"(4) the sixth and seventh provisos appearing in that part of the First Independent Offices Appropriation Act, 1954, which is captioned 'Annual contributions:' under the heading 'Public Housing Administration', and the fifth and sixth provisos under the same caption in the Independent Offices Appropriation Act, 1953; and

"(5) as of its effective date subsection 10 (j) of the United States Housing Act of 1937, as amended.

"(c) Subsection (i) of section 10 of the United States Housing Act of 1937, as amended, is hereby amended to read as follows:

"(i) Notwithstanding any other provisions of law (except as hereinafter provided in this section) the Authority shall not enter into any new contracts for loans and annual contributions for more than 35,000 additional dwelling units during each of the fiscal years 1956 and 1957, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into: *Provided*, That in respect to the fiscal year 1956 such number shall be increased by the difference between 35,000 and the number of units for which new annual contributions contracts for additional units were entered into during the fiscal year 1955: *Provided further*, That any balances of this authorization not utilized in such years shall be available until June 30, 1958: *And provided further*, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress.'

"(d) Subsection (d) of section 21 of the United States Housing Act of 1937, as amended, is hereby amended by striking out the figure '10' in both places it appears and inserting in lieu thereof the figure '15,' and by striking out 'of \$336 million.'

"(e) The act entitled 'An act to expedite the provision of housing in connection with national defense, and for other purposes,' approved October 14, 1940, as amended, is hereby amended by amending the last paragraph of section 605 (a) to read as follows:

"In any city in which, on March 1, 1953, there were more than 10,000 temporary housing units held by the United States of America, or any 2 contiguous cities in 1 of which there were on such date more than 10,000 temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any or all lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veteran's housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land

will tend to expedite the orderly disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing and will tend to expedite the transition of the city from a war-affected community containing, as of said date, a large number of temporary houses to a community having additional permanent, well-planned, residential neighborhoods, (2) the local governing body of the city makes a like finding and requests the Administrator to acquire such title to the land, and (3) the city has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: *Provided*, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding 425 acres of land in the general area in which approximately 1,500 units of temporary housing held by the United States of America were unoccupied on said date: *And provided further*, That funds for such acquisition by the Administrator, which are authorized, pursuant to subsection (c) of this section and title II of the Independent Offices Appropriation Act, 1955, to be expended from the revolving fund established by that title under the heading "Housing and Home Finance Agency Office of the Administrator, revolving fund," shall be taken into consideration, to the extent that they are needed in making any determination pursuant to the second proviso under that heading. All or any part of and land so acquired by the Administrator may, during the 5-year period following the date of its acquisition, be sold by the Administrator, through negotiated sale, to such city or any local public agency where (1) the city or local public agency has represented to the Administrator that it is duly authorized under State law to purchase and resell such land, that such land will be made available to private enterprise for development in accordance with local zoning and other laws, and that the aggregate of such land and any other land in the same city previously sold under the authority of this paragraph to the city or a local public agency will be developed for predominantly residential use, and (2) the city or local public agency has agreed to pay the fair market value of the land as determined by the Administrator, after giving consideration, among other relevant information, to the cost to the Federal Government of acquiring the fee simple title and of holding the land pending sale (including estimated amounts to cover legal and overhead expenses of such acquisition and to cover interest costs to the Federal Government of moneys invested in the land pending sale). Any such negotiated sale of land to the city or a local public agency shall be made upon terms which require (1) that the city or public agency shall pay in cash at least one-third of the price of the land upon its conveyance and the entire price within 1 year after its conveyance, and (2) that any portion of the entire price not paid upon such conveyance shall be represented by indebtedness which shall bear interest on outstanding balances at a rate of 4 percent per annum and which shall be secured by a first-mortgage lien upon the land or such portion of the land as the Administrator deems adequate to protect the financial interest of the Federal Government. The Administrator may, at any time that he deems it to be in the public interest to do so, dispose, under authority of other provisions of this act, of any land acquired by him pursuant to this paragraph. Any land acquired by the Administrator pursuant to this paragraph which has not been disposed of within 5 years after its acquisition

shall be disposed of by him as expeditiously as possible in the public interest in accordance with other authority contained in this act. Notwithstanding the provisions of section 306 of this act or any other provisions of law, no payments in lieu of taxes shall be made for any tax year beginning subsequent to the date of the acquisition of title to the property by the Administrator."

"SEC. 108. (a) Section 2 of the United States Housing Act of 1937, as amended, is amended by adding the following at the end of subsection (2) thereof: 'The term "elderly families" means families consisting of a single person 65 years of age or over, or families the head of which or his spouse is 65 years of age or over.'

"(b) The United States Housing Act of 1937, as amended, is amended by adding the following new subsection at the end of section 10:

"(m) For the purpose of increasing the supply of decent, safe, and sanitary housing for elderly families available at rents they can afford to pay, the Authority may, with the approval of the President, after July 1, 1955, without regard to the provisions of any other law, enter into contracts for annual contributions which include not to exceed 10,000 dwelling units (either as separate projects or as parts of projects) designed for elderly families, which amount shall be increased by 10,000 dwelling units on July 1, 1956. Such dwelling units shall be in addition to the dwelling units for which annual contributions contracts are authorized by any other provision of law. The total authorization for annual contributions shall be increased by \$3 million per annum on July 1, 1955, and by the same amount on July 1, 1956. The provisions of the first sentence of subsection 15 (5) shall not be applicable to such dwelling units. Notwithstanding the provisions of subsection 10 (g), annual contributions contracts covering such dwelling units shall require that in the selection of tenants for such units the public housing agency shall extend a prior preference to elderly families and that as among such families the "first" preferences in subsection 10 (g) shall apply. Notwithstanding the provisions of subsection 10 (g), the Authority may permit any public housing agency, in respect to any other dwelling units to extend a prior preference to elderly families: *Provided*, That such preference shall not be extended during any portion of a year when the number of elderly families already admitted in such year to all dwellings owned or operated by the public housing agency as low-rent housing within the meaning of this act equals 10 percent of the estimated number of all admissions in such year to all such dwellings: *And provided further*, That as among such families, the "first" preferences in subsection 10 (g) shall apply. The Authority may authorize public housing agencies to reconstruct or remodel any low-rent housing to provide accommodations designed for elderly families."

"Home Loan Bank Board

"SEC. 109. The Federal Home Loan Bank Act, as amended, is hereby amended—

"(1) by striking the first sentence of section 6 (1) and inserting: 'Any member other than a Federal savings and loan association may withdraw from membership in a Federal Home Loan Bank 6 months after filing with the Board written notice of intention so to do, and the Board may, after hearing, remove any member from membership, or deprive any nonmember borrower of the privilege of obtaining further advances, if, in the opinion of the Board, such member or nonmember borrower (i) has failed to comply with any provision of this act or regulation of the Board made pursuant thereto; (ii) is insolvent: *Provided*, That any member of a bank which is a building and loan association, savings and loan association, coopera-

tive bank, or homestead association shall be deemed insolvent if the assets of such member are less than its obligations to its creditors and others, including the holders of its withdrawable accounts; or (iii) has a management or home-financing policy of a character inconsistent with sound and economical home financing or with the purposes of this act:';

"(2) by striking the period at the end of section 7 (a) and inserting a colon and the following: '*Provided*, That the Board may by regulation increase the number of elective directors of any Federal Home Loan Bank having a district which includes five or more States to a number not exceeding twice the number of States comprising such district, but such additional elective directors shall be apportioned as nearly as may be practicable in the same manner and order as is provided for the apportionment of elective directors under subsections (c) and (d) hereof: *Provided further*, That there shall be not less than 1 elective director from any of the States nor more than 3 elective directors from any of the States in any district referred to in the preceding proviso and in no event shall the total number of elective directors in any 1 district exceed 11. The term "States" as used in the preceding proviso shall mean the States of the Union and the District of Columbia.';

"(3) by inserting '(a)' after the section number in section 17 and adding at the end thereof a new subsection (b) as follows:

"(b) The Home Loan Bank Board which was, pursuant to Reorganization Plan No. 3 of 1947, established and made a constituent agency of the Housing and Home Finance Agency shall, from the effective date of the housing amendments of 1935, cease to be such a constituent agency and shall be an independent agency (including the Federal Savings and Loan Insurance Corporation) in the executive branch of the Government: *Provided*, That the functions vested in the chairman of said Board under clause (2) of the last sentence of subsection (b) of section 2 of said reorganization plan are hereby transferred to said Board. Notwithstanding any other provision of law, said Board, the Chairman thereof except as herein otherwise provided, and the Federal Savings and Loan Insurance Corporation, respectively, shall have any may exercise all functions which they respectively had or could exercise, immediately prior to the effective date of the housing amendments of 1955 or immediately prior to the effective date of the Independent Offices Appropriation Act, 1955. Said Board shall annually make a report of its operations (including those of the Federal Savings and Loan Insurance Corporation) to the Congress as soon as practicable after the first day of January in each year. The name of the Home Loan Bank Board is hereby changed to "Federal Home Loan Bank Board."

"SEC. 110. The Home Owners' Loan Act of 1933, as amended, is hereby amended by striking the proviso at the end of the second paragraph of section 5 (c) and inserting: '*Provided*, That no such loan, unless so insured or guaranteed, shall be made in excess of \$3,000.'

"SEC. 111. Subsection (e) of section 406 of the National Housing Act, as amended (12 U. S. C. 1729 (e)), is hereby amended by striking the words 'Housing and Home Finance Administrator' and inserting in lieu thereof the word 'Congress'.

"SEC. 112. The National Housing Act, as amended, is hereby amended by striking section 403 (d) and inserting:

"(d) Any institution which applies after the effective date of the Housing Amendments of 1955 for insurance under this title shall pay, in the event its application is approved, an admission fee in such amount as the Corporation shall determine, taking into con-

sideration the total cost of processing all insurance applications.'

"Community facilities administration

"SEC. 113. Section 702 of the Housing Act of 1954 is hereby amended to read as follows:

"SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain at all times a current and adequate reserve of planned public works the construction of which can rapidly be commenced, particularly when the national or local economic situation makes such action desirable, and (2) to help attain maximum economy and efficiency in the planning and construction of public works, the Administrator is hereby authorized to make advances to public agencies (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided*, That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned: *And provided further*, That advances outstanding to public agencies in any one State shall at no time exceed 10 percent of the aggregate then authorized to be appropriated to the revolving fund established pursuant to subsection (e) of this section.

"(b) No advance shall be made hereunder with respect to any individual project unless it is planned to be constructed within a reasonable period of time, unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning, the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

"(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: *Provided*, That if the public agency undertakes to construct only a portion of a planned public work it shall repay such proportionate amount of the advances relating to the public work as the Administrator determines to be equitable: *And provided further*, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 percent per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency.

"(d) The Administrator is authorized to prescribe rules and regulations to carry out the purpose of this section.

"(e) In order to provide moneys for advances in accordance with this section, the Administrator is hereby authorized to establish a revolving fund which shall comprise all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayments and other receipts in connection with advances made under this section. There are hereby authorized to be appropriated to such revolving fund, in addition to the amount authorized by this section as originally enacted, the further amounts of \$12,000,000 which may be made available to the revolving fund on or after July 1, 1956; \$12,000,000 which may be made available to such fund on or after July 1, 1957; \$14,000,000 which may be made available to such fund on or after July 1, 1958; and such additional sums which may be made

available from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of \$48,000,000 in undistributed balances in the revolving fund and in advances outstanding for plans in preparation or for completed plans with respect to projects which, in the determination of the Administrator, can be expected to be undertaken within a reasonable period of time.

"SEC. 114. Effective upon the date of enactment of this act the basic rate of compensation of the Community Facilities Commissioner of the Housing and Home Finance Agency shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency.

"TITLE II—PUBLIC FACILITY LOANS

"Declaration of policy

"SEC. 201. It has been the policy of the Congress to assist wherever possible the States and their political subdivisions to provide the services and facilities essential to the health and welfare of the people of the United States.

"The Congress finds that in many instances municipalities, or other political subdivisions of States, which seek to provide essential public works or facilities, are unable to raise the necessary funds at reasonable interest rates.

"It is the purpose of this title to authorize the extension of credit to assist in the provision of certain essential public works or facilities by States, municipalities, or other political subdivisions of States, where such credit is not otherwise available on reasonable terms and conditions.

"Federal loans

"SEC. 202. (a) The Housing and Home Finance Administrator, acting through the Community Facilities Administration is authorized to purchase the securities and obligations of, or make loans to, States, municipalities and other political subdivisions of States, public agencies, and instrumentalities of one or more States, municipalities and political subdivisions of States, and public corporations, boards, and commissions established under the laws of any State, to finance specific public projects under State or municipal law. No such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses.

"(b) The powers granted in subsection (a) of this section shall be subject to the following restrictions and limitations:

"(1) No financial assistance shall be extended under this section unless the financial assistance applied for is not otherwise available on reasonable terms, and all securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations or otherwise.

"(2) No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of 40 years.

"(c) In the processing of applications for financial assistance under this section the Administrator shall give priority to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need. As used in this section, a 'smaller municipality' means an incorporated or unincorporated town, or other political subdivision of a State, which

had a population of less than 10,000 inhabitants at the time of the last Federal census.

"Financing

"SEC. 203. (a) In order to finance activities under this title, the Administrator is authorized and empowered to issue to the Secretary of the Treasury, from time to time and to have outstanding at any one time, in an amount not exceeding \$100 million, notes and other obligations. Such obligations shall be in such forms and denominations, have such maturities and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

"(b) Funds borrowed under this section and any proceeds shall constitute a revolving fund which may be used by the Administrator in the exercise of his functions under this title.

"General provisions

"SEC. 204. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsection (c) (2), of the Housing Act of 1950. Funds obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for the administrative expenses of the Administrator in connection with the performance of such functions.

"The term 'States' as used in this title shall mean the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

"SEC. 205. No loans shall be made under section 108 of the Reconstruction Finance Corporation Liquidation Act (67 Stat. 230), as amended, after the date of enactment of this act, except pursuant to an application for such loan filed prior to such date.

"Title III—College housing

"SEC. 301. Section 401 of title IV of the Housing Act of 1950, as amended, is hereby amended to read as follows:

"SEC. 401. (a) To assist educational institutions in providing housing and other educational facilities for students and faculties, the Administrator may make loans of funds to such institutions for the construction of such facilities: *Provided*, That (1) no such loan shall be made unless the educational institution shows that it is unable to secure the necessary funds for such construction from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title, and (2) no such loan shall be made unless

the Administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials.

"(b) Any educational institution which, prior to the date of enactment of this act, has contracted for housing or other educational facilities may, in connection therewith, receive loans authorized under this title, as the Administrator may determine: *Provided*, That no such loan shall be made for any housing or other educational facilities, the construction of which was begun prior to the effective date of this act, or completed prior to the filing of an application under this title.

"(c) A loan to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding 50 years, as may be determined by him; and with respect to loan contracts under which loan funds have not been fully disbursed prior to the date of enactment of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (1) 2¾ percent per annum, or (2) the total of one-quarter of 1 percent per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in subsection (e) of this section.

"(d) To obtain funds for loans under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$500,000,000: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$100,000,000.

"(e) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ percent per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 percent. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.

"(f) There are hereby authorized to be appropriated to the Administrator such sums as may be necessary, together with loan principal and interest payments made by educational institutions assisted hereunder, for payments on notes or other obligations issued by the Administrator under this section.

"(g) No loan shall be made under this section unless the educational institution receiving the loan has agreed (1) to certify, upon completion of the physical improvements with respect to which the loan is made, either (A) that the total of all actual costs of the facility approved by the Administrator for disbursement under the loan agreement equaled or exceeded the proceeds of all obligations authorized and issued pursuant to the loan agreement or (B) the amount by which the proceeds of such obligations exceeded such total actual costs, as the case may be, and (2) to pay forthwith for the redemption of such obligations, in such manner as shall be provided in the loan agreement, the amount, if any, certified to be in excess of such total actual costs: *Provided*, That any portion of such excess amount less than \$1,000 shall, in lieu of being paid for the redemption of such obligations, be deposited in a sinking fund account established for the payment of interest on, and principal of, such obligations."

"SEC. 302. Subsection (c) of section 404 of title IV of the Housing Act of 1950, as amended, is hereby amended to read as follows:

"(c) 'Development cost' means costs of the construction of the housing or other educational facilities and the land on which it is located, including necessary site improvements to permit its use for housing or other educational facilities."

"SEC. 303. Section 404 of title IV of the Housing Act of 1950, as amended, is amended by—

"(1) striking out subsection (b) and inserting in lieu thereof the following:

"(b) 'Educational institution' means any educational institution offering at least a 2-year program acceptable for full credit toward a baccalaureate degree, including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual; and

"(2) adding at the end thereof the following new subsection:

"(h) 'Other educational facilities' means (1) new structures suitable for use as cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, and for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses."

"SEC. 304. This title may be cited as the 'College Housing Amendments of 1955'."

"TITLE IV—MILITARY HOUSING

"Privately financed military housing

"SEC. 401. Section 803 of the National Housing Act, as amended, is hereby amended—

"(1) by striking out of the second proviso of subsection (a) 'June 30, 1955' and inserting in lieu thereof 'June 30, 1958';

"(2) by striking out the last sentence of paragraph (2) of subsection (b) and inserting in lieu thereof the following: 'No mortgage shall be insured under this title unless the Secretary of Defense or his designee shall have certified to the Commissioner that the housing with respect to which the mortgage is made is necessary to assure that adequate housing, within reasonable commuting distance of the installation, will be available for such personnel and that there is no intention, so far as can reasonably be foreseen, to substantially curtail activities at such installation or the personnel assigned or to be assigned to such installation.';

"(3) by striking clause (C) of paragraph (3) of subsection (b) and inserting:

"(C) not to exceed an average of \$9,900 per family unit for such part of such property or project as may be attributable to dwelling use, except that where the Sec-

retary of Defense or his designee, in exceptional cases, certifies and the Commissioner concurs in such certification that the needs would be better served by single-family detached dwellings or dwelling structures designed for two-family residence the mortgage may involve a principal obligation not to exceed \$10,800 per dwelling in the case of single-family detached dwellings, or not to exceed \$20,500 per structure in the case of two-family structures, for such part of such property as may be attributable to such dwellings or structures: *Provided*, That the Commissioner may by regulation increase the \$9,900 limitation by not exceeding \$900 in any geographical area where he finds that cost levels so required; and

"(4) by inserting after the word 'amended' at the end of the second sentence of paragraph (3) of subsection (b): ', except that the amount to be included in "actual cost" (as defined in subsection (c) of said section 227) as the allowance for builder's profit where the mortgagor is also the builder as defined by the Commissioner shall be an amount equal to 10 percent of said "actual cost".'

"SEC. 402. Whenever the Secretary of Defense or his designee shall deem it necessary, he may enter into an agreement with the owner or owners thereof to purchase unimproved land or any housing financed with mortgages insured under title VIII of the National Housing Act, as amended. Notwithstanding the provisions of any other law except as may hereafter be enacted in express amendment hereof, the price paid for any such unimproved land or housing purchased by the Secretary of Defense or his designee under this or any other law shall be the fair market value of such unimproved land or housing as determined by the Secretary of Defense or his designee on the basis of an independent appraisal. In connection with any agreements to purchase any such housing, the Secretary of Defense or his designee may assume, or may purchase subject to, any such mortgage and pay in cash any difference between the outstanding principal obligation of such mortgage and the fair market value of such housing which in the case of new housing built in conformance with specifications furnished by the armed services and where there has been no deterioration chargeable to the negligence or fault of the builder the fair market value shall not be less than the actual cost of construction making due allowance for normal depreciation. Whenever the Secretary of Defense or his designee shall deem it necessary, he may cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation any unimproved land or any housing financed with mortgages insured under title VIII of the National Housing Act, as amended, either subject to said mortgages or acquiring all interest in said property. Any condemnation proceedings herein provided shall be conducted in accordance with the provisions of the act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the Secretary of Defense or his designee, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just

compensation has been made, under the first section of the act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the courts, upon application, shall promptly pay to the owner at least 75 percent of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approved title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

"SEC. 403. There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of section 402 of this title."

"TITLE V—FARM HOUSING

"SEC. 501. Title V of the Housing Act of 1949, as amended, is hereby further amended, as follows:

"(1) In the first sentence of section 511 immediately following the phrase 'July 1, 1953' strike out the word 'and' and insert at the end of the sentence immediately before the period a comma and the following: 'and an additional \$100,000,000 on and after July 1, 1955.'

"(2) In section 512 (A) strike out 'and 1954' and insert '1954, and 1955', and (B) strike out 'and \$2,000,000' and insert '\$2,000,000 and \$2,000,000.'

"(3) In section 513, strike out 'and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, and 1954' and insert '\$10,000,000, and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, 1954, and 1955.'

"SEC. 502. The United States Housing Act of 1937, as amended, is hereby amended by adding the following sentences to subsection 12 (f): 'Notwithstanding any other provisions of law, upon the filing of a request therefor within 6 months after the effective date of this sentence, the Authority may relinquish, transfer, and convey without monetary consideration, all its rights, title and interest in and with respect to any such project or any part thereof (including such land as is determined by the Authority to be reasonably necessary to the operation of such project and contractual rights to revenues, reserves, and other proceeds therefrom) to any public housing agency whose area of operation includes such project. Any such relinquishment shall be conditioned upon preference for occupancy in such projects being given first to low-income agricultural workers and their families and, second, to other low-income persons and families: *Provided*, That any vacant accommodations for which there are no eligible applicants in these preference groups may be occupied by other persons or families but shall be vacated promptly when needed to house any such eligible applicants: *Provided further*, That the project shall be so utilized, or utilized for other public purpose, for a period of 10 years from the date of relinquishment. In any conveyance hereunder, the Authority shall reserve to the United States of America all mineral rights of whatsoever nature upon, in, or under the property including the right of access to and use of such parts of the surface of the property as may be necessary for mining and saving the minerals. The Authority may dispose of any project or part thereof not relinquished or conveyed under this subsection, or any reversionary or other rights in any such project, pursuant to subsection (e) of section 13 of this act, notwithstanding the parenthetical clause in said subsection.'

Mr. HALLECK. Mr. Speaker, a point of order. I make a point of order against the motion to recommit. No motion to recommit would be in order except a straight motion to recommit, because the entire bill is the amendment

just voted upon in committee and in the House.

The SPEAKER. The rule provides "except one motion to recommit with or without instructions."

Mr. MULTER. Mr. Speaker, for the sake of expedition, since the instructions are to report back the bill reported by the Committee on Banking and Currency, I ask unanimous consent that the reading of the remainder of the motion be dispensed with.

The SPEAKER. Is there objection?

Mr. HALLECK. Reserving the right to object, do we understand that the motion to recommit is the committee bill exactly as reported?

Mr. MULTER. Yes.

Mr. HALLECK. Mr. Speaker, I make a point of order against the motion to recommit because it involves matter upon which the House has just voted.

The SPEAKER. The House has never had an opportunity to vote on the Senate bill as amended by the Committee on Banking and Currency.

Mr. HALLECK. I submit that the vote on the substitute was a vote against the bill.

The SPEAKER. The House voted on the substitute, but this is on a different matter.

Mr. NICHOLSON. Mr. Speaker, a point of order.

Mr. Speaker, I made the point of order that the gentleman from New York is in favor of this bill that is going to be sent back with instructions, and therefore has no right to make the motion.

The SPEAKER. The gentleman qualifies as being opposed to the bill, and the Chair must take his word for it, and always does.

Mr. MULTER. I assure the Speaker that I am opposed to the bill.

Mr. NICHOLSON. The gentleman is on record as voting for the bill.

The SPEAKER. He is not on record as voting on the substitute.

Mr. HALLECK. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. PATMAN. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken, and there were—yeas 396, nays 3, answering "present" 4, not voting 31, as follows:

[Roll No. 141]

YEAS—396

Abbutt	Arends	Baumhart
Abernethy	Ashley	Beamer
Adair	Ashmore	Becker
Addonizio	Aspinall	Bell
Albert	Auchincloss	Bennett, Fla.
Alexander	Avery	Bentley
Alger	Bailey	Berry
Allen, Calif.	Baker	Betts
Allen, Ill.	Baldwin	Blatnik
Andersen	Barden	Blitch
H. Carl	Barrett	Boggs
Andresen	Bass, N. H.	Boland
August H.	Bass, Tenn.	Bolton
Andrews	Bates	Frances P.

Bolton,	George	Matthews	Thompson, La.	Velde	Williams, N. J.
Oliver P.	Gordon	Meader	Thompson, Mich.	Vinson	Williams, N. Y.
Bonner	Granahan	Merrow	Thompson, N. J.	Vors	Willis
Bosch	Grant	Metcalf	Thompson, Tex.	Wainwright	Wilson, Calif.
Bow	Gray	Miller, Calif.	Thomson, Wyo.	Walter	Wilson, Ind.
Bowler	Green, Oreg.	Miller, Md.	Thornberry	Watts	Winstead
Boyle	Green, Pa.	Miller, Nebr.	Tollefson	Weaver	Withrow
Bray	Gregory	Miller, N. Y.	Trimble	Westland	Wolcott
Brooks, La.	Griffiths	Mills	Tuck	Wharton	Wolverton
Brooks, Tex.	Gross	Minshall	Tumulty	Whitten	Wright
Brown, Ga.	Gubser	Mollohan	Udall	Wickersham	Yates
Brown, Ohio	Gwinn	Morano	Utt	Widnall	Young
Brownson	Hagen	Morgan	Vanik	Wier	Younger
Broyhill	Hale	Morrison	Van Pelt	Wigglesworth	Zablocki
Buckley	Haley	Moss	Van Zandt	Williams, Miss.	Zelenko
Budge	Halleck	Moulder			
Burdick	Harden	Murray, Ill.			
Burleson	Hardy	Murray, Tenn.			
Bush	Harris	Natcher			
Eyrd	Harrison, Nebr.	Nelson			
Byrne, Pa.	Harrison, Va.	Nicholson			
Byrnes, Wis.	Harvey	Norblad			
Canfield	Hays, Ark.	Norrell			
Cannon	Hays, Ohio	O'Brien, Ill.			
Carlyle	Hayworth	O'Brien, N. Y.			
Carnahan	Hébert	O'Hara, Ill.			
Carrigg	Henderson	O'Hara, Minn.			
Cederberg	Herlong	O'Konski			
Celler	Heseltun	O'Neill			
Chase	Hess	Osmers			
Chatham	Hiestand	Ostertag			
Chelf	Hill	Passman			
Chenoweth	Hinshaw	Patman			
Christopher	Hoeven	Patterson			
Church	Hoffman, Mich.	Pelly			
Clark	Holifield	Pfost			
Cole	Holmes	Philbin			
Colmer	Holt	Pilcher			
Cooley	Holtzman	Pillion			
Coon	Hope	Poage			
Cooper	Horan	Poff			
Corbett	Hosmer	Polk			
Coudert	Huddleston	Preston			
Cramer	Hull	Price			
Creteila	Hyde	Priest			
Crumpacker	Ikard	Prouty			
Cunningham	James	Quigley			
Curtis, Mass.	Jarman	Rabaut			
Curtis, Mo.	Jenkins	Rains			
Dague	Jennings	Ray			
Davidson	Jensen	Reed, Ill.			
Davis, Ga.	Johansen	Rees, Kans.			
Davis, Tenn.	Johnson, Calif.	Reuss			
Davis, Wis.	Johnson, Wis.	Rhodes, Ariz.			
Dawson, Ill.	Jonas	Rhodes, Pa.			
Dawson, Utah	Jones, Ala.	Richards			
Deane	Jones, Mo.	Riehlman			
Delaney	Jones, N. C.	Riley			
Dempsey	Judd	Roberts			
Denton	Karsten	Robeson, Va.			
Derounian	Kean	Robison, Ky.			
Devereux	Kearns	Rodino			
Dies	Keating	Rogers, Colo.			
Diggs	Kee	Rogers, Fla.			
Dixon	Kelley, Pa.	Rogers, Mass.			
Dodd	Kelly, N. Y.	Rogers, Tex.			
Dollinger	Keogh	Rooney			
Dolliver	Kilday	Roosevelt			
Dondero	Kilgore	Rutherford			
Donohue	King, Calif.	Sadlak			
Donovan	King, Pa.	St. George			
Dorn, N. Y.	Kirwan	Saylor			
Dorn, S. C.	Knox	Schenck			
Dowdy	Knutson	Scherer			
Doyle	Laird	Schwengel			
Durham	Landrum	Scott			
Edmondson	Lane	Scrivner			
Elliott	Lanham	Scudder			
Ellsworth	Lankford	Seely-Brown			
Engle	Latham	Selden			
Fallon	LeCompte	Sheehan			
Fascell	Lesinski	Sheppard			
Feighan	Lipscomb	Short			
Fenton	Long	Sieminski			
Fine	Lovre	Sikes			
Fino	McCarthy	Siler			
Fisher	McConnell	Simpson, Ill.			
Fjare	McCormack	Simpson, Pa.			
Flood	McCulloch	Sisk			
Flynt	McDonough	Smith, Kans.			
Fogarty	McDowell	Smith, Miss.			
Forand	McIntire	Smith, Va.			
Ford	McMillan	Smith, Wis.			
Forrester	McVey	Spence			
Fountain	Macdonald	Springer			
Frelinghuysen	Mack, Ill.	Stagers			
Friedel	Mack, Wash.	Steed			
Fulton	Madden	Sullivan			
Gamble	Magnuson	Taber			
Garmatz	Mahon	Talle			
Gary	Mailliard	Taylor			
Gathings	Marshall	Teague, Calif.			
Gavin	Martin	Teague, Tex.			
Gentry	Mason	Thomas			

Bolling	Burnside	Multer
Chudoff	Machrowicz	Powell
Kluczynski		

ANSWERING "PRESENT"—4

NOT VOTING—31

So the bill was passed.

The Clerk announced the following pairs:

Mr. Anfuso with Mr. Ayres.

Mr. Shelley with Mr. McGregor.

Mr. Klein with Mr. Phillips.

Mr. Dingell with Mr. Radwan.

Mr. Perkins with Mr. Chipfield.

Mr. Frazier with Mr. Hand.

Mr. Evins with Mr. Hillings.

Mr. Fernandez with Mr. Hoffman of Illinois.

Mr. Rivers with Mr. Krueger.

Mr. Boykin with Mr. Kearney.

Mrs. Buchanan with Mr. Reece of Tennessee.

Mr. Eberharter with Mr. Bennett of Michigan.

Mr. Shuford with Mr. Kilburn.

Messrs. JONES of Missouri, NORRELL, ENGLE, and ASHLEY changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON HOUSING BILL

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, with an amendment of the House thereto, insist on the House amendment and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? [After a pause.] The Chair hears none and appoints the following conferees: MESSRS. SPENCE, PATMAN, RAINS, WOLCOTT, GAMBLE, TALLE, and BROWN of Georgia.

No. 129—14

GENERAL LEAVE TO EXTEND REMARKS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that all Members who desire to do so may extend their remarks in the RECORD during general debate on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LEGISLATIVE PROGRAM

(Mr. MARTIN asked and was given permission to address the House for 1 minute.)

Mr. MARTIN. Mr. Speaker, I have taken this time in order to ask about the program for the rest of the day and tomorrow.

Mr. McCORMACK. Mr. Speaker, the program for the rest of the day is the consideration and adoption of the rule on the extension of the Defense Production Act and also the rule on the Sugar Act. Then the House Committee of the Whole will take up the Defense Production Act under general debate.

Mr. MARTIN. I understand the conference report on the supplemental appropriation bill will be here within an hour. Does that make any difference in the gentleman's announcement of the program for the rest of this evening?

Mr. McCORMACK. I have not been advised of that but, of course, under the unanimous consent that has been granted the Speaker can recognize the gentleman from Missouri for that purpose, but I am unable to state exactly what the situation is.

The SPEAKER. The Chair advised the gentleman from Missouri that he will be recognized the first thing in the morning.

Mr. McCORMACK. Then that will be the first business tomorrow. Then tomorrow the defense production bill will be taken up under the 5-minute rule to be finished up sometime tomorrow.

The Private Calendar will be called first tomorrow and then the Consent Calendar. Following that, the following bills will be called up under suspension of the rules:

H. R. 4006 in relation to veterans in connection with farm training.

S. 1210 leases on Federal agencies, District of Columbia.

H. R. 3255 to amend the classification act of 1949.

S. 1849, a Federal employees' career appointments bill.

S. 1792, to amend the Federal Employees Group Life Insurance Act.

S. 2237, providing for an additional Under Secretary which will strengthen the State Department in some respects.

S. 890, to strengthen the water pollution act.

H. R. 7245, assistance for impacted schools.

H. R. 4045, the Texas City disaster claim bill.

S. 1189, relating to national banks with reference to certain real estate construction loans.

H. R. 7092, the Mississippi Valley improvement project.

H. R. 2552, the Great Lakes connecting channels project.

H. R. 5649, a bill relating to the restraint of the abuse of habeas corpus proceedings.

There may be one other bill under suspension that I have not announced.

It is being looked into now by the leadership on both sides.

While that is a long list, I expect many of these bills will be taken up and passed by unanimous consent. Probably most of them will not take very long. Then we will proceed with a continuation of the Defense Production Act; and also, if possible, the sugar bill. I understand certain amendments will be offered to the sugar bill, which will be accepted by the committee, that will probably remove considerable honest opposition to certain features of that bill.

Mr. MARTIN. The Members on this side want me to inquire if there is any chance for consideration of the Small Business Extension Act.

Mr. McCORMACK. The Small Business Extension Act is for Monday. There will be other suspensions on Monday, because that is regular suspension day.

Mr. MARTIN. The ones you have announced are the only ones that will be taken up tomorrow?

Mr. McCORMACK. Yes. There will be a number of others on Monday, and I am confident the extension of the Small Business Administration Act will be considered then. Also, the International Finance Corporation bill will be considered Monday, and the Commodity Credit Corporation bill will be considered Monday. Of course, chairmen of committees are asking me now. The leadership has considered all of these things. Certainly I would enjoy very much if the chairmen of the committees would consult me between now and Monday on the bills they would like to have the Speaker recognize them for motions to suspend the rules, so that we can take them up. Also to advise the distinguished minority leader.

Mr. MARTIN. If we keep adding to the list, we will not get out until the following Saturday.

Mr. McCORMACK. No. Everything is pretty well under control, I can assure the gentleman.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I yield.

Mr. COOLEY. The rule on the sugar bill provides for 1 hour general debate.

The SPEAKER. The time of the gentleman from Massachusetts [Mr. MARTIN] has expired.

HOUR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow.

The SPEAKER. Is there objection?

Mr. H. CARL ANDERSEN. Reserving the right to object, Mr. Speaker, the gentleman has just stated that there is no intention of finishing tomorrow night?

Mr. McCORMACK. That is correct.

Mr. H. CARL ANDERSEN. Mr. Speaker, then I object.

REPORTS FROM COMMITTEE ON PUBLIC WORKS

Mr. DAVIS of Tennessee. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may have until midnight tonight to file reports on the following bills:

H. R. 5556, authorizing a preliminary examination and survey of McGirts Creek, Fla.

H. R. 6686, providing for a preliminary examination and survey by the Secretary of the Army for the purpose of controlling water chestnut infestation in the upper Chesapeake Bay tributaries.

S. 1899, to authorize the improvement of the Amite River and its tributaries.

H. R. 6256, granting the consent of Congress to the States of Kansas and Oklahoma to negotiate and enter into a compact relating to their interests in, and the apportionment of, the waters of the Arkansas River and its tributaries as they affect such States.

H. R. 7596, to provide for the disposal of federally owned property at obsolescent canalized waterways.

LEGISLATIVE APPROPRIATION ACT, 1956

Mr. NORRELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7117), making appropriations for the legislative branch for the fiscal year ending June 30, 1956, and for other purposes, with Senate amendments, disagree to the amendments of the Senate and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none and appoints the following conferees: MESSRS. NORRELL, KIRWAN, ROONEY, CANNON, HORAN, BOW, and TABER.

COMMITTEE ON APPROPRIATIONS

Mr. NORRELL. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file conference reports.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

TO FACILITATE EXERCISE OF VOTING FRANCHISE BY MEMBERS OF ARMED SERVICES

Mr. BURLESON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4048) making recommendations to the States for the enactment of legislation to permit and assist Federal personnel, including members of the Armed Forces, and their families, to exercise their voting franchise, and for other purposes, with Senate amendments, disagree to the amendments of the Senate and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from

fore, because I believe that the separation-of-powers doctrine, under the advice and consent clause, should at all times be respected, and that we should give our advice and consent by way of rejection of a nomination only when it can be shown that the nominee fails to meet one of the criteria I have mentioned, and because the opponents did not make such a showing, I voted to confirm the nomination.

If I had wanted to cast a political vote here tonight, I would have voted against the confirmation of the nomination. But I did not do so because I believe the advice and consent clause should be applied within its historic constitutional meaning.

The principles that I applied to Hall's nomination are the same principles that I have applied for 10 years in the Senate whenever nominations have come before me and I have been called upon to perform my duty under the advice and consent clause of the Constitution. It is my opinion that the railroad brotherhoods who opposed this particular nomination will respect not only the consistency of my record in the Senate in following the historic criteria applicable under the advice and consent clause but will also approve my voting in support of my convictions on this very important constitutional issue.

Mr. CLEMENTS. Mr. President, I move that the Senate return to the consideration of legislative business.

Mr. KNOWLAND. Mr. President, will the Senator from Kentucky yield?

Mr. CLEMENTS. I yield.

Mr. KNOWLAND. Mr. President, there is one more nomination to be considered. The Senator from Kentucky has informed me that he wished to proceed to the consideration of some bills on the legislative calendar, but I should like to have the assurance that the SEC nomination may be considered tomorrow.

Mr. CLEMENTS. I would state to my good friend from California that I should be happy to proceed with the nomination after we dispose of some pieces of proposed legislation which are presently on the calendar. There is a good attendance tonight, and the Senator from California knows as well as I do, that there will be a lengthy discussion on the Patterson nomination. I think it would be better to have it in the daytime than it would to have it tonight.

There is one bill on the calendar as to which the acting majority leader has held off two Members who have been insisting on its consideration. I take it there will be a vote on it. I am hopeful that it will not take long to dispose of it. Then there two measures—Calendar 1215, Senate bill 2604, to increase the borrowing power of the Commodity Credit Corporation; and Calendar 1216, H. R. 5168, to provide for retirement of the Government capital in certain institutions operating under the supervision of the Farm Credit Administration, to increase borrower participation in the management and control of the Federal farm credit system, and for other purposes. Those bills are important to agriculture, and I am hopeful

that we can dispose of all three of them tonight.

Mr. KNOWLAND. Mr. President, we have been getting along very happily, but I am very much interested in having the nomination of Mr. Patterson considered because in this instance the President of the United States reached out into the professional staff of the Securities and Exchange Commission and chose a distinguished Virginian who was a member of the professional staff, to move him up. I am very much interested in hearing some of the discussions and arguments which may be made, in view of the fact that there were some complaints that the President did not pick from the professional staff.

Mr. CLEMENTS. I assure the Senator from California that there is no disposition on my part to avoid a vote, but there are some important measures on the calendar—

Mr. KNOWLAND. As the distinguished Senator knows, his party is the responsible party in the Senate. I am not disposed in any sense to interfere with the leadership in the scheduling of legislation. If it is the Senator's judgment that we pass on to legislative business this evening, I shall certainly not resist the motion.

LEGISLATIVE SESSION

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). The question is on agreeing to the motion of the Senator from Kentucky.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

ESTABLISHMENT OF LOCAL SELF-GOVERNMENT AT THE COMMUNITIES OF OAK RIDGE, TENN., AND RICHLAND, WASH.

Mr. CLEMENTS. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1152, Senate bill 2630.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2630) to facilitate the establishment of local self-government at the communities of Oak Ridge, Tenn., and Richland, Wash., and to provide for the disposal of federally owned properties of such communities.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kentucky.

The motion was agreed to; and the Senate proceeded to consider the bill.

HOUSING ACT OF 1955

Mr. FULBRIGHT. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on the housing bill.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing,

the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, and also the message from the House of Representatives requesting a conference with the Senate thereon.

Mr. FULBRIGHT. I move that the Senate disagree to the amendments of the House, agree to the conference asked by the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SPARKMAN, Mr. FULBRIGHT, Mr. DOUGLAS, Mr. LEHMAN, Mr. CAPEHART, Mr. BRICKER, and Mr. IVES conferees on the part of the Senate.

FRANCIS O. WILCOX

Mr. MARTIN of Iowa. Mr. President, the appointment of Francis O. Wilcox, of Iowa, to be Assistant Secretary of State for International Organization Affairs, gives our Department of State the services of a truly great scholar, fully qualified and experienced in the field of work that will come within his jurisdiction in his new position.

I have known Francis Wilcox personally longer than has any other Member of the Senate, as I had close personal acquaintance with him during his undergraduate days at the State University of Iowa. Francis Wilcox was from the beginning of his college days a happy combination of brilliant student and outstanding athlete who was exceptionally diligent and dependable in everything he undertook, both in his academic work and in extracurricular activities. He won recognition and membership in the senior honorary group of the university because of his scholarship and leadership. I have noted his record with great pride throughout the years following his graduation. I was proud, indeed, to recommend him for the position of head international relations analyst in the Library of Congress in 1945 and as chief of staff of the United States Senate Foreign Relations Committee in 1947. His record of service in the latter position is best attested by the statements of the members of the United States Senate Committee on Foreign Relations. Their appraisal of his good work is a real testimonial to his qualities which I have been privileged to observe throughout his adult lifetime.

I congratulate Francis Wilcox on his entry upon his new field of service, and I congratulate the Department of State on their securing his services in this very important assignment.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). The Chair will exercise his privilege as a Senator by saying a word regarding the appointment of Francis O. Wilcox as an Assistant Secretary of State.

It has been the privilege of the Chair to serve as a member of the Foreign Relations Committee for some 4 years, during which time Francis Wilcox has been the able staff director of that committee. I have known him in many international conferences. I have seen

him at work there, and in the committee here.

I have never known a more efficient or effective committee assistant than Francis Wilcox has been. I congratulate him upon the fine recognition which has come to him. At the same time I express the very keen loss which the Foreign Relations Committee sustains upon his leaving. I wish him well in his new work, and I predict a great career for him.

Mr. MARTIN of Iowa. I sincerely thank the Senator from Alabama for his comment with regard to Francis Wilcox. I know that it is highly deserved.

Mr. KEFAUVER. Mr. President, I wish to join the Senator from Iowa in paying very high tribute to Francis Wilcox, and wish him well in his new position. He has served Members of the Senate and of the Foreign Relations Committee ably and in a nonpartisan fashion. He is a man of fine intelligence and excellent outlook. I predict that he will make a great success in his new position.

Mr. MARTIN of Iowa. I thank the Senator from Tennessee very much.

THE WORLD ECONOMIC SYSTEM, AND THE VIRTUES OF THE FREE ENTERPRISE ECONOMIC SYSTEM

Mr. MARTIN of Iowa. Mr. President, the Honorable John C. Baker, the new United States representative to the United Nations Economic and Social Council, made a most significant address when he reviewed the world economic situation before the United Nations Economic and Social Council on Wednesday, July 13.

The United Nations provides a forum in which we can sell the virtues of our free enterprise economic system to other countries. This can only be accomplished when the administration in power is dedicated to the advancement of our economic system. President Eisenhower, Secretary Dulles, and Dr. Baker are working with a singleness of purpose in presenting the facts about our economy to the other countries of the world. Dr. Baker said:

A most significant aspect of our economy during the period of economic readjustment was the maintenance and even some increase in the level of personal incomes; this, together with the fact that most of our families enjoy relatively high incomes, helped to maintain consumer demand. In this connection, a recent study by a leading private research foundation points out that: "Of all the great industrial nations, the one that clings most tenaciously to private capitalism, has come closest to the socialist goal of providing abundance for all."

Mr. President, this statement was the subject for comment by the Russian delegate, Mr. P. N. Kумыкин. The Russians find it difficult to accept the truth familiar to all of us that our economic system provides the greatest well-being for the average citizen. If international tensions are relaxed as a result of the Big Four Conference at Geneva, and the burden of taxation can be reduced, then American free enterprise will demonstrate an even greater capacity to advance the well-being of all of our citizens.

Mr. President, on July 7 I reviewed some of the recommendations by Dr. Milton S. Eisenhower in his report to his brother, our great President, on his survey of Latin America during the latter part of 1953. I said:

Ambassador Eisenhower's understanding of free enterprise economic principles impresses me greatly. His report included the following significant statement, with which I heartily concur. He said:

"I feel impelled to express the view that the greatest contribution which the United States can make to the well-being of the world as a whole is the maintenance of a high level of economic activity in this country at relatively stable prices."

Mr. President, Dr. Baker in his address to the Council expressed the identical philosophy. He said:

Mr. President, the American people are more and more aware that their future is intimately affected by the economic events taking place in other lands and on other continents. Other speakers have referred to the importance for their countries of economic developments in the United States. If I were to be asked to sum up the economic philosophy of the United States in this interdependent world, I would say:

First, that the United States can make its best contribution to world economic stability by maintaining a high level of economic activity at home; and

Second, that the United States has a positive and deeply rooted interest in the economic well-being of the free world.

The optimistic forecast for the economy of the free world in Dr. Baker's statement disturbed the Russians. Mr. Kумыкин, their delegate, in his comment on the world economic situation referred to an article by the editor of the *Journal of Commerce*, Mr. Luedicke, which was reprinted in the *Commercial and Financial Chronicle*, forecasting a downward trend in the United States economy during the second half of 1955. There can be no question that the high level of economic activity which we enjoy and which is based on the people's confidence in the Eisenhower administration has been one of the assets which permitted the free world to negotiate from strength rather than weakness at the Big Four Conference in Geneva. Mr. President, this comment by the Russian delegate on the *Journal of Commerce* article supports my thesis that everything we say and do in this country is carefully scrutinized by the leaders in Soviet Russia. It emphasizes the need for unity in supporting the President and the principles of our free enterprise economy. The old fashioned campaign oratory with demagogic appeals for votes is a luxury we cannot afford at this historic juncture.

Mr. President, I ask unanimous consent that Dr. Baker's entire statement be printed in the *RECORD* at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the *RECORD*, as follows:

STATEMENT ON WORLD ECONOMIC SITUATION
BY MR. JOHN C. BAKER, UNITED STATES REPRESENTATIVE TO THE UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL, JULY 13, 1955

Mr. President, those of us who did not have the good fortune to participate directly had the pleasure of following through press and radio the ceremonies at San Francisco

reviewing the work of the United Nations during these past 10 years. There, most of the participants were naturally concerned with political matters—with the successes and failures of the United Nations in keeping the peace. But what of the success or failure of the United Nations in the economic field, in its efforts to assist our peoples to make this an easier, a happier, and a more secure world? Are the efforts being devoted to this task really producing results, or is this organization leaving its mark only in the form of debates and reports? If so, sterile, indeed, are our efforts. Let us, therefore, take a quick look at the record of the United Nations and its specialized agencies in the economic field.

The task of building a better world has gone forward, even while we have not been able to achieve the genuine peace which we hoped for at the end of World War II. The work and achievements of the United Nations and of such agencies as the International Bank, the World Health Organization, and the Food and Agriculture Organization represent contributions to human progress the world over.

While it is impossible to measure the total impact of their contribution, it is clear that here is a new and vital force on the international economic scene—the peoples of many lands working along side each other to grow more food, to bring power and transport to far corners of the earth, to stimulate increased productivity, to encourage trade and international investment. Here is an economic force whose instruments, if wisely used, can help us advance together toward better standards of living.

During these past 10 years, most of us have been concerned with repairing the havoc of war and with accelerating the economic development of underdeveloped countries. In 1945 many areas of the world, often ones which were great centers of population and industry, were in tragic ruin; international economic relationships were disrupted; wartime restrictions seriously inhibited individual initiative. Large areas of the world were indeed on the verge of economic collapse.

By 1955, however, the world picture had changed. In the free world, which is the only part of which we can speak with knowledge, the economic skies are as bright or brighter than they have been in the memory of a generation. Reconstruction has been virtually completed, monetary stability has been largely restored, production far exceeds prewar levels, and real incomes are on the upgrade in many countries. And, finally, the widespread controls which tended to stifle individual enterprise are being progressively dismantled.

In the underdeveloped areas complex and difficult problems remain to be dealt with. Nevertheless, substantial gains are being made even in these areas. Indeed, I know of no other decade in history which shows a rate of development in these countries comparable with that since 1945. What formerly took centuries to achieve is now being accomplished in decades or less.

Thus, on this 10th anniversary of the United Nations and of the Economic and Social Council we can look back with great satisfaction at the world's economic progress. It is remarkable that we have been able to accomplish so much in the face of the tremendous burdens inherited from previous wars, as well as those we have had to assume to prevent future wars. Surely we can look forward with confidence to even greater economic improvement for all peoples, particularly if we can banish the threat of war from the face of the earth.

Peoples everywhere urgently desire economic improvement, and this demand must now be taken into account by all countries. Since this desire is worldwide, the United Nations and its associated bodies must provide an essential meeting ground, where to-

SENATE

17. FORESTS. Sen. Goldwater spoke in support of S. 55, to authorize the USDA to acquire certain forest lands from the Aztec Land & Cattle Co. He suggested that certain lobbying activities of the National Lumber Manufacturers Association were preventing favorable action on the bill by the House, and inserted several letters from interested parties supporting that contention (pp. 10844-6).
18. RESEARCH. Sen. Smith, W. J., inserted a newspaper article by Dr. A. T. Waterman commenting favorably on efforts by the Government and private industry to expand the educational facilities for students interested in science (pp. 10847-8).
19. BUDGET. Sen. Goldwater inserted a table detailing the budget surpluses and deficits of Congresses from 1946 to 1955 (pp. 10849-51).
20. SUGAR. Sen. Fulbright objected to consideration of H. R. 7030, the sugar bill, upon its second reading because it was believed that the importance of the bill would seem to warrant greater consideration than the closing hours of the session would permit. Sen. Thyne rejoined that the legislation was needed for emergency matters (pp. 10851-2, 10877). Sen. Long served notice that he would ask for a suspension of the rules in the consideration of H. R. 7030, without reference of the bill to the Senate Finance Committee; and Sen. Douglas questioned the propriety of that procedure (pp. 10920-1). Sen. Long submitted an amendment to be proposed by him to H. R. 7030, and it was ordered to be printed (p. 10948).

The Finance Committee ordered favorably reported S. 1635, to amend and extend the Sugar Act of 1948, after striking all after the enacting clause and substituting the language of H. R. 7030, with the following changes: "The formula for future growth to be 55 percent for domestic and 45 percent for foreign; the foreign quota to be divided on basis of 60 percent to Cuba and 40 percent to be divided among full-duty countries proportionately on basis of their sales of sugar in U. S. market during last 4 years; benchmark to be 8,300,000 tons; and a 6-year extension in lieu of 4 years."
21. HOUSING. Received and agreed to the conference report on S. 2126, the housing bill (pp. 10906-11). The conferees agreed to continuation of the present farm-housing program through the fiscal year 1956, with \$112 million available for direct loans, to prevent defaults in payments on loans for potentially adequate farms and for the improvement and repair of farms.
22. FORESTRY CONSERVATION. Sen. Clements inserted the remarks of Sens. George and Magnuson on the practices of conservation by private industry, the U. S. Forest Service, and State agencies. Sen. Magnuson commended the activities of the Rayonier Corporation in the field of conservation and suggested that conservation should be construed to mean adequate and planned utilization of forests and forest products (pp. 10929-31).
23. ECONOMIC DEVELOPMENT. Sen. Watkins inserted two articles prepared by himself citing the achievements of the U. S. economy in the second quarter of 1955 (pp. 10938-41).
24. EXTENSION WORK. Concurred in the House amendment to S. 2098, to authorize special appropriations for extension work among low-income farmers (pp. 10883-4). This bill will now be sent to the President.

25. EXPERIMENT STATIONS. Concurred in House amendments to S. 1759, to consolidate authorization legislation regarding aid to State agricultural experiment stations (p. 10884). This bill will now be sent to the President.
26. MARKETING. Concurred in House amendments to S. 1757, to amend the Agricultural Marketing Act of 1946 so as to remove any question which may have resulted from a change in appropriation language as to the applicability of penalties for forgery of inspection certificates covering agricultural commodities, and to expand and tighten provisions for such penalties (p. 10884). This bill will now be sent to the President.
27. FARM LOANS. Concurred in House amendments to S. 1621, to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed under or subject to the Wheeler-Case Act of 1939 (p. 10882). This bill will now be sent to the President.
28. PERSONNEL. Received and agreed to the conference report on S. 1041, to provide for the inclusion in the computation of accredited service of certain periods of service rendered States (p. 10913). House and Senate conferees had been appointed earlier in the day (pp. 10877, 11005). The conferees agreed to the House amendments to the bill.
- Concurred in House amendments to S. 1849, to provide for the grant of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment (pp. 10882-3). This bill will now be sent to the President.
- Concurred in House amendments to S. 1792, to amend the Federal Employees Group Life Insurance Act of 1954 so as to authorize the assumption of the insurance obligations of any nonprofit association of Federal employees (p. 10882). This bill will now be sent to the President.
- Passed with amendment H. R. 7618, to increase the annuity benefits of retired Federal employees by 12% on the first \$1,500 and 8% thereafter up to \$4,000, with a gradual reduction in the increases until they end on Dec. 31, 1957 (pp. 10853, 10902, 10912, 10924-6).
- Agreed to the conference report on H. R. 4048, making recommendations to the States for legislation to permit and assist Federal personnel to vote (pp. 10899, 10901-5).

S. 2628, the executive pay bill, provides as follows as reported by the committee:

Provides specific salaries for various officials, including: Secretary of Agriculture, Director of Office of Defense Mobilization, and Director of the Budget, \$25,000; 2 Administrative Assistants to the President, and Comptroller General, \$22,500; Administrator of Veterans' Affairs, \$22,000; 3 Administrative Assistants to the President, Under Secretary of Agriculture, Administrator of General Services, Director of International Cooperation Administration, Administrator of Federal Civil Defense Administration, and Governor of FCA, \$21,000; Assistant Comptroller General, Deputy Director of Budget Bureau, Chairman of Civil Service Commission, and members of Council of Economic Advisers, \$20,500; 7 Administrative Assistants and staff assistants to the President, 3 Assistant Secretaries of Agriculture, Fiscal Assistant Secretary of the Treasury, members (other than chairman) of Civil Service Commission, Deputy Administrator of General Services, Archivist, Administrator of Production and Marketing Administration, Administrator of REA, Public Printer, Librarian of Congress, each Assistant Director of Budget Bureau (2), Director of National Science Foundation, and General Counsel (or other comparable officer) of a department when required to be appointed by the President, \$20,000; Commissioner of Federal Supply Service, Commissioner of Public Buildings Ser-

conference report to the conferees, with instructions.

Mr. DOUGLAS. I thank the Chair.

The rollcall was concluded.

Mr. CLEMENTS. The Senator from Virginia [Mr. BYRD], the Senator from Texas [Mr. DANIEL], the Senator from Mississippi [Mr. EASTLAND], the Senator from Delaware [Mr. FREAR], the Senator from Tennessee [Mr. GORE], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

The Senator from New Mexico [Mr. CHAVEZ] is absent by leave of the Senate.

The Senator from Georgia [Mr. GEORGE] is absent by leave of the Senate.

The Senator from Texas [Mr. JOHNSON] is absent by leave of the Senate, because of illness.

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from Texas [Mr. DANIEL], the Senator from Mississippi [Mr. EASTLAND], the Senator from Georgia [Mr. GEORGE], and the Senator from Texas [Mr. JOHNSON] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Wyoming [Mr. BARRETT] is absent because of illness in his family.

The Senator from New Hampshire [Mr. BRIDGES] is absent to attend the funeral of a friend in his State.

The Senator from Maryland [Mr. BUTLER] and the Senator from Connecticut [Mr. FURTELL] are absent on official business.

The Senator from Indiana [Mr. JENNER], the Senator from Kansas [Mr. SCHOEPPPEL] and the Senator from Idaho [Mr. WELKER] are necessarily absent.

The Senator from Ohio [Mr. BRICKER] is detained on official business.

The result was announced—yeas 22, nays 56, as follows:

YEAS—22

Barkley	Jackson	Morse
Beall	Kefauver	Murray
Bender	Kilgore	Neely
Case, N. J.	Kuchel	Neuberger
Douglas	Langer	Potter
Hennings	Lehman	Symington
Humphrey	Magnuson	
Ives	McNamara	

NAYS—56

Alken	Goldwater	Mundt
Allott	Green	Pastore
Anderson	Hayden	Payne
Bennett	Hickenlooper	Robertson
Bible	Hill	Russell
Bush	Holland	Saltonstall
Capehart	Hruska	Scott
Carlson	Johnston, S. C.	Smathers
Case, S. Dak.	Kerr	Smith, Maine
Clements	Knowland	Smith, N. J.
Cotton	Long	Sparkman
Curtis	Malone	Stennis
Dirksen	Mansfield	Thurmond
Duff	Martin, Iowa	Thye
Dworshak	Martin, Pa.	Watkins
Ellender	McCarthy	Wiley
Ervin	McClellan	Williams
Flanders	Millikin	Young
Fulbright	Monroney	

NOT VOTING—18

Barrett	Daniel	Johnson, Tex.
Bricker	Eastland	Kennedy
Bridges	Frear	O'Mahoney
Butler	George	Purtell
Byrd	Gore	Schoeppel
Chavez	Jenner	Welker

So the motion was rejected.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The question

recurs on agreeing to the conference report.

The report was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed, without amendment, the following bills of the Senate:

S. 125. An act for the relief of the State of Illinois;

S. 204. An act for the relief of Fred P. Hines;

S. 393. An act for the relief of Chieko Suzuki;

S. 730. An act granting the consent of Congress to the States of Kansas and Oklahoma to negotiate and enter into a compact relating to their interests in, and the apportionment of the waters of the Arkansas River and its tributaries as they affect such States;

S. 732. An act to promote public cooperation in the rehabilitation and preservation of the Nation's important historic properties in the New York City area, and for other purposes;

S. 987. An act to authorize the Secretary of Commerce, acting through the Coast and Geodetic Survey, to assist the States of Maryland and Delaware to reestablish their common boundary;

S. 1415. An act for the relief of Anna Mertikas;

S. 1681. An act for the relief of Cecile Doriac and her minor child;

S. 1899. An act to authorize the improvement of the Amite River and its tributaries;

S. 1906. An act to authorize the Pueblos of San Lorenzo and Pojoaque in New Mexico to sell certain lands to the Navaho Tribe, and for other purposes;

S. 1917. An act to authorize the construction within Grand Teton National Park of an alternate route to United States Highway 89, also numbered U. S. 187 and U. S. 26, and the conveyance thereof to the State of Wyoming, and for other purposes;

S. 2049. An act to provide recognition of the 50th anniversary of the Devils Tower National Monument, Wyo., the first national monument, established by the President of the United States pursuant to the Antiquities Act of 1906; to authorize the addition of certain lands to the monument, to permit land exchanges, and for other purposes;

S. 2088. An act for the relief of Ladislav Mencl;

S. 2295. An act to amend section 313 of the Agricultural Adjustment Act of 1938, with respect to tobacco allotments;

S. 2339. An act to authorize the Secretary of the Interior to include capacity to serve the town of Glendo, Wyo., in a sewerage system to be installed in connection with the construction of Glendo Dam and Reservoir, and for other purposes; and

S. 2514. An act to declare the portion of the waterway at West Haven and New Haven, Conn., known as the West River, northerly of a line running north 85 degrees 54 minutes 43.5 seconds east from a point whose coordinates in the Corps of Engineers harbor line system are north 4,616.76 and west 9,450.80, a nonnavigable stream.

The message also announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 1287. An act to make certain increases in the annuities of annuitants under the Foreign Service retirement and disability system; and

S. 2237. An act to amend the act of May 26, 1949, to strengthen and improve the organization of the Department of State, and for other purposes.

The message further announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H. R. 1393. An act for the relief of the E. J. Albrecht Co.;

H. R. 3024. An act for the relief of Margaret Mary Hammond;

H. R. 4763. An act for the relief of Elzie C. Brown; and

H. R. 5168. An act to provide for retirement of the Government capital in certain institutions operating under the supervision of the Farm Credit Administration; to increase borrower participation in the management and control of the Federal farm credit system; and for other purposes.

The message also announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 257. An act to amend section 112 (n) (8) of the Internal Revenue Code of 1939 to provide that in certain cases of a sale or exchange of a taxpayer's residence certain periods of limitation shall not run against the taxpayer while he is on extended active duty in the Armed Forces;

H. R. 6198. An act to provide for the sale of certain war housing projects to the Housing Authority of Beaver County, Pa., for use in providing rental housing for persons of limited income;

H. R. 6263. An act to amend section 1233 of the Internal Revenue Code of 1954;

H. R. 6887. An act to extend for 1 year the application of section 108 (b) of the Internal Revenue Code of 1954 (relating to income of a railroad corporation from discharge of indebtedness); and

H. R. 7239. An act to authorize the States to organize and maintain State defense forces, and for other purposes.

The message further announced that the House had passed a joint resolution (H. J. Res. 434) to provide appropriations for the legislative branch for the fiscal year ending June 30, 1956, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

S. 38. An act for the relief of Joseph Jerry Earl Sirois (also known as Jeremie Earl Sirois);

S. 56. An act authorizing construction of certain public works on the Mississippi River for the protection of St. Louis, Mo.;

S. 71. An act for the relief of Ursula Else Boysen;

S. 85. An act for the relief of Rosetta Ittner;

S. 86. An act for the relief of Wilhelmine Schelter;

S. 92. An act for the relief of Irene C. (Karl) Behrman;

S. 100. An act for the relief of Hermine Lorenz;

S. 119. An act for the relief of David Wei-Dao Lea and Julia An-Fong Wang Lea;

S. 141. An act for the relief of Pauline Ellen Redmond;

S. 167. An act for the relief of Ernesto DeLeon;

S. 176. An act for the relief of Gerda Irmgard Kurella;

S. 181. An act for the relief of Manhay Wong;

S. 191. An act for the relief of Liselotte Warmbrand;

S. 214. An act for the relief of Ahmst Suat Maykut;
 S. 223. An act for the relief of Mary Freida Poeltl Smith;
 S. 235. An act for the relief of Melanie Schaffner Baker;
 S. 238. An act for the relief of Andreas Georges Vlastos (Andreas Georges Vlasto);
 S. 239. An act for the relief of Apostolos Vasili Percas;
 S. 240. An act for the relief of Mrs. Helena Planinsek;
 S. 254. An act for the relief of Gluscepina Cervi;
 S. 293. An act for the relief of Miss Cecile Patricia Chapman;
 S. 326. An act for the relief of Leopoldine Maria Lofblad;
 S. 346. An act for the relief of Klara Anna Maria Fleischer;
 S. 352. An act for the relief of Isaac Glickman, Reghina Glickman, Alfred Cismaru, and Anna Cismaru;
 S. 388. An act for the relief of Petre and Liubitzia Ionescu;
 S. 394. An act for the relief of Ali Hassan Waffa;
 S. 397. An act for the relief of Maria Bertagnolli Pancheri;
 S. 430. An act for the relief of Hedwig Marie Zaunmiller;
 S. 464. An act to authorize the Secretary of the Interior to issue patents for certain lands in Florida bordering upon Indian River;
 S. 466. An act for the relief of Capt. George Gafos, Eugenia Gafos, and Adamantios George Gafos;
 S. 470. An act for the relief of Edith Winifred Loch;
 S. 474. An act for the relief of Maria Elena Venegas and Sarah Lucia Venegas;
 S. 476. An act for the relief of Harold Swarthout and L. R. Swarthout;
 S. 503. An act for the relief of Cirino Lanzafame;
 S. 518. An act for the relief of Elsa Alwine Larsen;
 S. 535. An act to provide for the conveyance to the State of North Dakota, for use as a State historic site, of the land where Chief Sitting Bull was originally buried;
 S. 541. An act for the relief of Martin Aloysius Madden;
 S. 606. An act for the relief of Gisela Hofmeier;
 S. 707. An act for the relief of Christos Paul Zolotas;
 S. 843. An act for the relief of Gerda Graupner;
 S. 884. An act for the relief of Gabor Lanyi;
 S. 1035. An act for the relief of Ambrose Anthony Fox;
 S. 1044. An act for the relief of Edward Naarits;
 S. 1051. An act to amend section 8a (4) of the Commodity Exchange Act, as amended;
 S. 1105. An act for the relief of Mrs. Lieselotte Emilie Dailey;
 S. 1126. An act for the relief of Dimitrios Antoniou Kostalas;
 S. 1155. An act for the relief of Iva Druzianich (Iva Druzianic);
 S. 1167. An act to amend the Soil Conservation and Domestic Allotment Act;
 S. 1187. An act to amend section 5221 of the Revised Statutes, relating to voluntary liquidation of national banks;
 S. 1210. An act to amend the Public Buildings Act of 1949 to provide a 5-year limitation on the period of leases of space for Federal agencies in the District of Columbia;
 S. 1266. An act for the relief of Helene Margareta Jobst;
 S. 1337. An act for the relief of Joseph Vyskocil;
 S. 1340. An act to authorize the conveyance by quitclaim deed of certain land to the Brownsville Navigation District of Cameron County, Tex.;

S. 1353. An act for the relief of Mrs. Jeannette S. Hamilton;
 S. 1367. An act for the relief of Antonio Jacoe;
 S. 1391. An act granting the consent of Congress to the States of California and Nevada to negotiate and enter into a compact with respect to the distribution and use of the waters of the Truckee, Carson, and Walker Rivers, Lake Tahoe, and the tributaries of such rivers and lake in such States;
 S. 1395. An act to amend the joint resolution entitled "Joint resolution to establish a commission for the celebration of the 200th anniversary of the birth of Alexander Hamilton," approved August 20, 1954;
 S. 1397. An act providing for the conveyance of certain lands to St. Louis Church of Dunseith, Dunseith, N. Dak.;
 S. 1496. An act for the relief of Rurike Hara;
 S. 1512. An act to amend section 107 of title 28 of the United States Code so as to eliminate separate divisions and reduce the number of places holding regular terms of the United States District Court for the District of Columbia;
 S. 1521. An act for the relief of Garabed Papazian;
 S. 1522. An act for the relief of Lieselotte Probstinski Gettman;
 S. 1541. An act for the relief of Ernst Fraenkel and his wife, Hanna Fraenkel;
 S. 1581. An act for the relief of Constantinos Pantermalis;
 S. 1706. An act for the relief of Spyriden Saintoufis and his wife, Efrossini Saintoufis;
 S. 1794. An act for the relief of Rosa Birger;
 S. 2081. An act to amend the Veterans' Readjustment Assistance Act of 1952 to provide that education and training allowances paid to veterans pursuing institutional on-farm training shall not be reduced for 12 months after they have begun their training;
 S. 2168. An act to amend the Fair Labor Standards Act of 1938 in order to increase the national minimum wage, and for other purposes;
 S. 2197. An act to authorize the Secretary of the Interior to distribute equally to members of the Kaw Tribe of Indians certain moneys to the credit of the tribe in the United States Treasury;
 S. 2253. An act to reemphasize trade development as the primary purpose of title I of the Agricultural Trade Development and Assistance Act of 1954;
 S. 2260. An act granting the consent of Congress to the States of Arkansas, Louisiana, Oklahoma, and Texas to negotiate and enter into a compact providing for the apportionment of the waters of the Red River and its tributaries;
 S. 2269. An act for the relief of Mualla S. Holloway;
 S. 2270. An Act for the relief of Nadia Noland and Samia Ouafa Noland;
 S. 2277. An act authorizing the Administrator of General Services to convey certain land to the city of Sioux Falls, S. Dak., for park and recreational purposes, for an amount equal to the cost to the United States of acquiring such lands from the city;
 S. 2297. An act to further amend the Agricultural Adjustment Act of 1938, and for other purposes;
 S. 2312. An act for the relief of certain Korean war orphans;
 S. 2351. An act to authorize the conveyance of certain war housing projects in the city of Norfolk, Va.;
 S. 2566. An act to amend title 14, United States Code, so as to provide for compensatory absence of Coast Guard military personnel serving at isolated aids to navigation, and for other purposes;

S. 2573. An act to amend the rice marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended;
 S. 2575. An act for the relief of Mrs. Gertrud Hildegard Nichols;
 S. J. Res. 82. Joint resolution to authorize the Secretary of the Interior to execute a certain contract with the Toston Irrigation District, Montana; and
 S. J. Res. 92. Joint resolution to authorize the Secretary of Commerce to sell the steamship *Monterey*.

HOUSING AMENDMENTS OF 1955— CONFERENCE REPORT

Mr. FULBRIGHT. I submit a report of the committee of conference on the amendment of the House to the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (The conference report will appear in the House proceedings tomorrow.)

The PRESIDING OFFICER. Is there objection to the request for the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. KNOWLAND. Mr. President, may we have a brief explanation of the report?

Mr. FULBRIGHT. Mr. President, the question which was primarily in controversy, as all of us know, was that of public housing.

After two long and rather lively conferences, the conferees finally reached agreement on the public housing item of 45,000 units between the date of enactment of the bill and July 31, 1956, with no requirement that these units be restricted to families displaced from slum areas being cleared or rehabilitated under the urban renewal program, and also with removal of the work requirements. I may say that is the item which held up the conference.

As to the other items, agreement was arrived at in a relatively easy and amicable manner.

FHA's title I home-improvement program has been extended for 14 months to September 30, 1956. There was no change in the amount of the loans permissible under this program.

The bill authorizes a new program of FHA insurance on trailer parks, and limits this program to \$1,000 per trailer space or \$300,000 per mortgage.

A new mortgage ceiling is permitted under the FHA program. In this area we have increased to \$12½ million the mortgages on rental properties, which previously were limited to \$5 million.

For both the cooperative housing program and the urban renewal program, we have amended the act, so as to change the basis on which a mortgage may be insured from "estimated value" to "estimated replacement cost"; and, in addi-

tion, we have provided a special assistant to the FHA Commissioner, in order to place more emphasis upon a true cooperative program. The Federal National Mortgage Association is authorized to issue advance commitments to purchase cooperative housing mortgages up to a total of \$50 million—or \$5 million for any one State.

We have approved an increase in the FHA's general mortgage insurance authorization, by adding \$4 billion to the amount outstanding on July 1, 1955. It is estimated that there is an unused authorization of about \$600 million which will be included in this \$4 billion.

The bill also terminates title IV, which provided for defense housing.

For the slum clearance and urban renewal programs, an increase of \$400 million over the years 1956 and 1957, and an additional \$100 million at the discretion of the President, are authorized.

PUBLIC HEARING

I have already referred to public housing.

The bill as agreed to by the conferees authorizes the PHA to enter into annual contributions contracts for 45,000 public housing units between the date of enactment of the bill and July 30, 1956. No provision for any carryover of units authorized under prior legislation is permitted. The restrictions imposed by the 1954 act upon the construction of these units are repealed. The conferees could not agree upon, including the Senate language providing for, public housing units for elderly people.

Mr. SALTONSTALL. Mr. President, will the Senator yield at that point?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. Am I to understand that with respect to public housing provision is made for 45,000 units for 1 year, on the old basis, without any new restrictions instead of the 70,000 which the President requested for 2 years?

Mr. FULBRIGHT. Yes. That was for 2 years. This is for 1 year, or, to be more accurate, from the date of enactment until July 31, 1956. There is no requirement that these units be restricted to families displaced from slum areas being cleared or being rehabilitated under the urban renewal program. Also the "workable program" requirement is removed.

Mr. SALTONSTALL. So the provisions with relation to public housing are as they operated under the old law, and there are no further or new restrictions as to what can be a public housing development.

Mr. FULBRIGHT. That is correct.

Mr. SALTONSTALL. And 45,000 units are authorized for 1 year.

Mr. FULBRIGHT. That is correct, or until July 31, 1956.

Mr. McNAMARA. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. First, let me say to the Senator from Massachusetts that last year's law contained some restrictions.

I now yield to the Senator from Michigan.

Mr. McNAMARA. There was in the bill specific provision for some housing

for the aged. Was that provision removed in the conference?

Mr. FULBRIGHT. That was removed. The House refused to consider that provision in any amount. We tried our best to retain that provision. We also tried to retain a lesser number, but the conferees on the part of the House were unanimous, I believe. Certainly the great majority of the conferees insisted that the House would not accept any amount under that provision. They virtually even refused to consider taking it to the House for action.

HOME LOAN BANK BOARD AMENDMENTS

Although there were several amendments accepted by the conferees with respect to the Home Loan Bank Board legislation, the more important of these was to authorize the independence of the Home Loan Bank Board and requires the Board to report to the Congress instead of the Housing and Home Finance Administrator as formerly.

That was a Senate provision.

PLANNING FUNDS

As recommended by the administration, the conferees agreed to make available a total of \$48 million as a revolving fund for planning advances to local public agencies for community facilities, the funds made available as follows: \$10 million now available, \$12 million on July 1, 1956, \$12 million on July 1, 1957, and \$14 million on July 1, 1958. Not more than 10 percent of these funds might be advanced to any one State and there is no obligation to appropriate for any projects planned under this program.

PUBLIC UTILITY LOANS

The conferees authorized a vitally needed program of loans to political subdivisions for the construction of public projects such as water, sewer, and gas systems. The whole emphasis of this program was that small communities have encountered great difficulty in obtaining relatively small loans for needed public works. This need would be filled by this program which contains a priority for communities of 10,000 population or less. The maturity on such loans is 40 years and the total dollar limit on the program is \$100 million.

Here again the provisions are the Senate provision, by and large. They were not in the House bill.

COLLEGE HOUSING

A revision and extension of the present program of loans to educational institutions for needed housing facilities for students is authorized by the bill. This program would permit the HHFA to make loans for such related facilities as dining halls, cafeterias, and other educational facilities closely related to dwelling facilities. The rate of interest on these loans would be at 2¾ percent, or one-fourth of 1 percent above the rate which HHFA pays to the treasurer, whichever is higher. The loan fund would be limited to \$500 million with \$100 million of that amount available for other educational facilities. Language was accepted by the conferees to make junior colleges eligible for loans. Loans may also be made to nonprofit corporations specifically established by

eligible institutions to provide housing or other educational facilities for students and faculty.

Again, this was a Senate provision, by and large.

MILITARY HOUSING

The bill as agreed to by the conferees provides for a new military housing program with an expiration date of September 30, 1956. The purpose of this new program is to provide housing, the needs for which are certified by the military while at the same time using the administrative facilities provided by the FHA. Under the plan, builders would submit competitive bids which could be insured up to 100 percent by FHA if within the average of \$13,500 per family unit. Cost certification does not apply inasmuch as the builder would have an interest only on a contract basis and the military would be the owner of the project to all intents and purposes once construction was complete. A new authorization for military housing, not to exceed \$1,363,500,000 is set up to cover all the military services. The bill provides maximum interest rate of 4 percent and a period of amortization of not more than 25 years. FNMA is authorized to make advance commitments to purchase military mortgages in an amount not to exceed \$200 million.

Under this plan the military would control, maintain, and operate this housing and assign military personnel thereto. Rental allowances of military personnel would be withheld for the purpose of meeting mortgage payments. The Department of Defense is authorized to acquire, with the approval of FHA at a fair market value, by donation or condemnation, any unimproved land or existing housing insured by the law under the title VIII program.

The present title VIII Wherry Act program would continue only for those projects certified by the Secretary of Defense on or before June 30, 1955, and for which a commitment to insure is issued by FHA on June 30, 1956. In addition mortgages under the Wherry Act program may be insured for projects certified as necessary by the Atomic Energy Commission on or before June 30, 1956.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MAGNUSON. That means that in the future the Wherry Act will be dead, except insofar as concerns commitments which have been made up to June 30.

Mr. FULBRIGHT. That is correct. The old Wherry Act will be dead.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. STENNIS. Under the new title for military housing, what is the amount authorized by the bill? What is the ceiling?

Mr. FULBRIGHT. It authorizes advance commitments of \$200 million.

Mr. STENNIS. I thought the Senator gave the grand total for military housing.

Mr. FULBRIGHT. The grand total is \$1,363,500,000.

Mr. STENNIS. That amount is authorized in the bill for all the military services?

Mr. FULBRIGHT. That is correct.

Mr. STENNIS. Does the bill give the Secretary of Defense control over the authorization for such housing? Does it have to be handled through the Secretary of Defense?

Mr. FULBRIGHT. That is correct.

Mr. SALTONSTALL. It must be authorized by the Secretary of Defense?

Mr. FULBRIGHT. That is correct. He has the initiative. We estimate that this amount will provide for 100,000 houses.

Mr. STENNIS. The Senator says the Secretary of Defense has the initiative. Must he initiate the project before it can be constructed?

Mr. FULBRIGHT. That is correct.

Mr. STENNIS. In that way he is given an opportunity to coordinate whatever program he approves with the regular military-construction program.

Mr. FULBRIGHT. That is correct.

Mr. STENNIS. I commend the Senator for retaining that provision in the bill. I think it will lead to a better situation.

Mr. FULBRIGHT. We certainly hope so. On this item the conferees were generally in agreement.

Mr. STENNIS. If the program does not proceed satisfactorily, I think it will mean that we shall have to put all military housing strictly under one unit, in one program, because that is the only way it can be controlled.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. JOHNSTON of South Carolina. I should like to ask the Senator if there is any provision in the bill which would require the Secretary of Defense, in letting contracts, to let them on the basis of competitive bidding. Will he have the right to let them without competitive bidding?

Mr. FULBRIGHT. It must be done on competitive bids, and by contract. What I said was left out was the provision as to cost certification.

Mr. JOHNSTON of South Carolina. I am glad the Senator was able to retain that provision in the bill.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CAPEHART. I was a member of the conference committee, and, eliminating myself, I wish to congratulate the conferees of both the Senate and the House. They did a splendid job on the housing conference report. I believe we came out of the conference with an excellent report. The Senator from Arkansas has ably explained it. I see nothing wrong with it whatever. I believe the Senators on this side of the aisle are, generally speaking, satisfied with it, although I know that some Members are 100 percent opposed to any public housing. However, I believe everyone is fairly happy with the bill as it comes from conference. It is a good bill, and I recommend it to the Senate.

Mr. FULBRIGHT. In reply to the Senator from Indiana, I should like to

say that he made a valuable contribution in conference in helping us to work out our differences. It was a very difficult bill to work out.

Mr. CAPEHART. The public housing end of it, the Senator means, I am sure.

Mr. FULBRIGHT. That was very controversial, as everyone knows. I must say that the Senator from Indiana was very helpful to the conferees in helping them reach the agreement which was reached.

Mr. CAPEHART. I believe we got all we could possibly get out of the House. The House members of the conference committee who signed the report are not even certain that they can get the House to approve 45,000 units.

Mr. LEHMAN. Mr. President, will the Senator yield for an observation?

Mr. FULBRIGHT. I will in a moment. I wished to say to the Senator from South Carolina [Mr. JOHNSTON], in case there may be some misunderstanding, that the provision about bids relates to the proposed new act. Under the old act that was not a requirement. I say that in case he has in mind a case that is now pending.

Mr. JOHNSTON of South Carolina. That provision has been written into the proposed new act. Is that correct?

Mr. FULBRIGHT. That is correct.

Mr. LEHMAN. I was a member of the conference committee on the bill. I am very unhappy over the conference report. There are many good features in it, but I am very much disturbed by the manner in which the public housing provision was handled. When the bill was in conference I strongly urged that provision be made for 135,000 units—

Mr. FULBRIGHT. Mr. President, I wonder whether the Senator from New York would permit me to complete my statement.

Mr. LEHMAN. I thought the Senator had completed his statement.

The PRESIDING OFFICER. The Senators will suspend until the Senate is in order. Senators will please cease conversation or leave the Chamber. All others on the floor and in the galleries will observe the same rule. We are in the closing days, we hope, of this session of Congress, and naturally there is some confusion. However, in order that we may have orderly procedure in the Senate, the Chair will insist that order be maintained.

Mr. FULBRIGHT. Mr. President, I would like to say to the Senator from New York that there are only two more sentences in my statement to read. Then I shall be glad to reply to questions or yield the floor. I understand the Senator wishes to explain his position.

Mr. LEHMAN. That is satisfactory to me. I thought the Senator from Arkansas had concluded his statement.

Mr. FULBRIGHT. I have two more sentences to read. Then I shall yield for a question or I shall be glad to yield the floor.

FARM HOUSING

The present farm-housing program is continued through the fiscal year 1956. In addition, \$112 million is made available for direct loans, to prevent defaults

in payments on loans for potentially adequate farms, and for the improvement and repair of farms.

Mr. President, now I shall be glad to yield for questions.

Mr. HUMPHREY. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I am glad to yield.

Mr. HUMPHREY. Am I correct in my recollection that in the Senate bill there was a section or title which related to housing facilities for elderly citizens?

Mr. FULBRIGHT. That is correct. It provided for 10,000 units a year for 5 years.

Mr. HUMPHREY. It contained a 5-year authorization. Is that correct?

Mr. FULBRIGHT. That is correct.

Mr. HUMPHREY. Am I correctly informed that the conference committee dropped that provision?

Mr. FULBRIGHT. There is no provision in the conference report for that. I do not know whether the Senator was in the Chamber earlier. I said the conferees on the part of the House made it very clear that they would not accept 10,000 or 5,000 or 1,000, or, in fact, any provision designated specifically for elderly citizens. That question was argued very late at night on Saturday and again today.

Mr. HUMPHREY. I recognize the limitations of a conference committee. What the conference committee accomplished in terms of general provisions is satisfactory, but it does seem to me that the time is long overdue for proper consideration of the housing needs of elderly people. This has become one of the most serious burdens upon local communities in terms of cost. It has also become a tremendous burden upon the individuals involved, because of the inadequate housing facilities which have been provided for our senior citizens.

I hope we will not take this defeat lying down, so to speak, and that we will be able to take remedial action. The action taken by the Senate was forward-looking action. It was a kind of pioneering in the area of housing which has been long overdue.

The action of the conference committee in this connection is a real blow—I say most respectfully—to a comprehensive housing program. There is no Senator in the Chamber who does not know that in the communities of his own State one of the shocking shames of our contemporary civilization is the manner in which our elderly citizens are housed. It is disgraceful and despicable.

I hope the Government of the United States in due time will show as much concern for the elderly people of the United States as it has shown with respect to people all over the world, in building facilities costing hundreds of millions of dollars. It really disturbs me no end. I think this kind of housing is quite as important as, if not more important than, public housing, because this part of the program was dedicated to a group of people who are elderly and whose only help can come from the Government of the United States through the kind of program we had authorized.

Mr. FULBRIGHT. The Senator from Minnesota has made a very good statement. I can assure him that the conferees on the part of the Senate did everything they could do to persuade the Members from the House to retain the provision.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CAPEHART. I may say to the Senator from Minnesota that the House did not have any such section in the bill it had passed. We adopted such a section in the Senate.

Mr. HUMPHREY. I am aware of that.

Mr. CAPEHART. The House had nothing at all in its bill on this subject. The House bill completely ignored it. In fact, it turned down such a provision on the floor. Therefore, the House conferees would not consider such a provision in conference.

Mr. FULBRIGHT. If I recall correctly, the House committee did report such a provision to the House, but it was stricken out on the floor.

Mr. CAPEHART. That is correct. It was not in the House bill in conference.

Mr. FULBRIGHT. The House merely passed a skeleton bill extending the FHA program. Practically the whole conference report is what the Senate put in the bill, except for the change in respect to public housing.

Mr. CAPEHART. Ninety percent of the bill now is the Senate bill.

Mr. FULBRIGHT. Ninety percent of the conference report is the Senate bill.

Mr. HUMPHREY. Mr. President, will the Senator yield further?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. One of the bright spots of the current session of Congress was the action of the Senate Committee on Banking and Currency and the subsequent action of the Senate on the housing bill. I regret that there had to be some receding in conference. I realize, of course, that in a conference it is necessary to make some compromises, and that it is a matter of give and take.

I merely leave this thought as my own expression: There are three areas of the social pattern which give me grave concern. One is the continued deterioration of our cities. I say to the leaders of the respective political parties that if something is not done to stop the erosion and degradation of the metropolitan areas of the country, we will be in grave trouble in the years to come. I say, furthermore, Mr. President, that the political party which has the good sense to take action to check this movement will have a future.

The second area I point to is the area of children and school facilities. The inadequacy of school plants is shocking. I happen to be one who believes that we have a responsibility for three groups, namely, children, the underprivileged, and the aged. Persons of my age should be able to take care of themselves. I regret to say that we are doing very little for any of them. We have done a great deal more for those who can take care of themselves.

Mr. FULBRIGHT. I agree with the Senator.

Mr. LONG. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. LONG. Will the Senator tell us what action was taken with regard to title II of the Senate bill which would make available loans to small communities?

Mr. FULBRIGHT. It was retained as passed by the Senate. There was no attack upon it.

Mr. LONG. I thank the Senator.

Mr. HUMPHREY. Did not that title embody the bill which was introduced by the Senator from Alabama [Mr. SPARKMAN]?

Mr. FULBRIGHT. Yes.

Mr. HUMPHREY. So the provisions of that bill have been incorporated in the report?

Mr. FULBRIGHT. Yes.

Mr. MONRONEY. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. MONRONEY. Am I correct in the assumption that title IX, which relates to emergency defense housing in defense areas, such as camps and airbases, was stricken from the bill in conference?

Mr. FULBRIGHT. The Senator is correct. The House would not accept it.

Mr. MONRONEY. And nothing was agreed to with reference to allowing 6 months to meet the ever-pressing need of private rental housing, on the special terms which the FHA has furnished under title 9 in the past?

Mr. FULBRIGHT. That provision was eliminated.

Mr. MONRONEY. Does the committee plan at the next session of Congress to take another look at this very vitally needed program? I wondered if the distinguished chairman of the committee anticipated seeing whether something could be done about this program when Congress meets in January?

Mr. FULBRIGHT. I am certainly willing to consider it. It was only on a standby basis in the Senate bill. It has been that way for several years.

Mr. MONRONEY. That is true, but it has served a very great emergency need, and I regret that this important feature has been eliminated in the conference report.

Mr. FULBRIGHT. I can assure the Senator that if there is need for it, the committee will endeavor to take care of it.

Mr. SPARKMAN. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. SPARKMAN. I should like particularly to invite the attention of the Senator from Louisiana to this, because he was the author of the bill relating to community facilities, and there are several programs carried in the bill which require appropriations for the purpose of putting them into force, if nothing more than for administrative expenses, as in the case of community facilities.

Unfortunately, the last supplemental appropriation bill has passed, and here we are legislating new programs without

any provision whatsoever carried in the supplemental appropriation bill for them. That is true of the program in which the Senator from Louisiana is greatly interested. It is true with reference to the farm-housing section. I regret that the chairman of the Appropriations Committee is not on the floor at the present time, because I should like to ask him about it. The Senate voted a provision to take care of farm housing, \$25 million for loans and \$350,000 for administrative expense. But in conference that provision was stricken out, as was, I understand, every amendment which related to programs which had not yet been fully enacted into law.

The distinguished minority leader was a member of the Subcommittee on Appropriations which dealt with that question. Perhaps he can throw some light on it; or possibly my colleague from Alabama [Mr. HILL], who was also a member of the subcommittee.

The question I wish to pose to the Senate is this: How are the programs which we are now enacting into law going to be carried out when there is no opportunity to get an appropriation for the purpose of carrying them out? I wish some Senator would answer that question. I would invite some member of the Subcommittee on Supplemental Appropriations to let us know what is going to happen to those programs on which we are now completing action.

We provided in the bill for certain housing programs.

Amendments numbered 65 to 74 were stricken out, and in that connection this statement is made:

The managers on the part of the House and Senate do not believe the additional appropriations and increased authorizations included in said amendments for the Housing and Home Finance Agency and its constituent agencies are necessary at this time. However, should housing amendments for certain new and expanded programs be enacted in the present session of the Congress, or should the need for additional funds become acute because of unanticipated increases in programs, the Director of the Bureau of the Budget may accelerate the apportionment of funds presently available for making loans pending the submission of supplemental estimates to the next session of the Congress.

Some of these programs are new. They are not related to existing programs for which apportionments are already made.

That is true of the program relating to loans for community facilities. It is true with reference to housing under section 213, and it is true with reference to some of the other provisions which we are writing into law.

Mr. President, I am at a loss to understand, first of all, why a final supplemental bill, which is supposed to be a kind of a clean-up of appropriations which are needed, has items stricken out because legislation on those particular items has not been completed. The amount allowed on farm housing was stricken out entirely. The item of administrative expense was stricken out entirely.

If someone could answer that question, I should like to know what the answer is and what I can expect, when Congress passes a piece of legislation, as to whether the intent of Congress will be carried out by having estimates and appropriations made. In some of these instances I admit that the Budget Bureau itself did not send any estimates. Yet, the committee wrote in these provisions in anticipation of the legislation passing.

Mr. MAGNUSON. Do I understand correctly that the necessity to extend the FNMA certificates, provision for which was contained in the bill, is not necessary now under the new housing bill?

Mr. FULBRIGHT. That was in a separate bill.

Mr. MAGNUSON. That was not included in the conference report at all?

Mr. FULBRIGHT. That is still in the House committee.

Mr. LEHMAN. Mr. President, when housing legislation was originally taken under consideration by the Committee on Banking and Currency earlier this year, I strongly urged, in committee, that the bill include provision for at least 135,000 low-rent public housing units plus 10,000 units for elderly persons, a total of 145,000 units—each year for a period of 4 years. That proposal was adopted by the committee.

Even these figures were in my opinion, too low. I believe we need more than these numbers.

So far as the 10,000 units for elderly persons is concerned, I supported that provision with great satisfaction, because I believe it was a tremendous step forward in the recognition of our social obligations to the older generation of this country.

The housing bill as reported out by the Banking and Currency Committee was approved by the Senate by a substantial vote, and went to the House unchanged, so far as the public housing units were concerned—135,000 general low-rent public housing units and 10,000 units for elderly persons, each year for a period of 4 years.

When the bill was considered in the House, the House committee approved most aspects of the Senate bill, except for the provisions relating to the public housing program. When the bill was actually passed by the House, it was stripped down to a mere skeleton, containing no public housing units at all.

When the bill came to the conference committee, of which I was a member, I strongly urged that we agree on a very substantially greater number of housing units than the 35,000 units recommended by the President. And the President recommended crippling limitations on even that inadequate program of the majority.

My colleagues, notably the senior Senator from Illinois [Mr. DOUGLAS], joined with me in urging that we settle on a public housing program of at least 75,000 units, for a minimum of 2 years, in addition to the 10,000 units for elderly persons.

As I said, some of my colleagues on the conference committee strongly supported the position that a public housing

program substantially greater than that recommended by the President—should be adopted. But we were met with the strong assertion on the part of the House Members of the conference committee, men just as sincere as were any Members from the Senate, that they could not get such a bill through the House.

I consider the bill in its present form to be completely inadequate. Forty-five thousand public housing units for one year, without any provision whatsoever for elderly people, is, in my opinion, not much more than sop. It is not a satisfactory public housing program. It is only a pointer in the direction of a program—although a considerable improvement over what President Eisenhower urged.

I am deeply disappointed at the failure of Congress to provide legislation which would, at least in some degree, take care of the needs of the poor people. What progress we made, we made in the face of the combined forces of the administration and the real estate lobby. Oh, yes, the FHA program, which was approved without objection, finances great apartment houses, such as the Woodner in Washington, and many others throughout the country. In many cases there have been very great windfalls which have accrued to the builders. But I am not interested in the fellow who can afford to pay \$3,000, \$4,000, \$5,000, or even \$10,000 a year for his apartment.

I am interested in the little fellow who has no place to go and who finds it impossible to get shelter at prices he can afford to pay. If we are to proceed successfully with our urban redevelopment program, than which I think nothing is more important, and if we are to make satisfactory progress on that urban redevelopment program then we should change the policy under which we buy tenements, raze them, and build new structures, not all of which are for residential purposes, and yet provide absolutely no housing whatsoever with which to provide shelter for the people who have been evicted from the tenements which have been destroyed.

I wish to make it very clear that when the final conference agreement was submitted, I declined to sign it. I would not give my name to a program which I think is completely inadequate, and which will not provide the kind of relief which is necessary. When I say relief, I mean the relief for the poor and the moderate-income classes. So I refused to approve that report.

I am not urging any of my colleagues to vote in any particular way on the report. The House has claimed that it will be either this bill or no bill whatsoever, which will be passed, and I do think passage of a housing bill is necessary before Congress adjourns. However, so far as I am concerned, I am very saddened by the destruction of the moderate public-housing program provided in the Senate bill. It would not have been fully adequate, even if the number which the Senate originally voted had been accepted, but this is now a completely inadequate program. It is not a balanced program. It favors the wealthy and the

semiwealthy people, and does precious little for the poor.

My recollection of the genesis of the housing program is that it was intended to help those who needed the help the most, the really poor people.

We in New York City alone need more than the number of public housing units which has been provided in the bill. Just think of Chicago, Philadelphia, San Francisco, Los Angeles, and the smaller communities—

Mr. DOUGLAS. Do not forget Chicago.

Mr. LEHMAN. I do not think I omitted Chicago. If I did, I did not mean to, because the people in Chicago need housing just as much as the people of New York City do.

I think Congress has not fulfilled its duty. I am certainly going to continue the fight for an adequate number of public housing units and for an adequate and balanced housing program next year.

I wish to emphasize that I am not critical of my colleagues for supporting this compromise, because, as I have said before, I suppose it will be either this bill or nothing at all. The Senate conferees could not have budged the House conferees in their determination not to agree to the provisions of the Senate bill.

So far as I am concerned, I am glad that I did not sign the conference report. I refrained, because I do not think it takes adequate care of the needs of the people.

Still it was a kind of victory over the determined opposition of the administration and of those of the minority party opposed to any public housing at all. It was a small victory. Next year, I hope, will tell a different story.

Mr. BUSH. Mr. President, I am somewhat disappointed in the public housing aspects of the conference report, inasmuch as I very strongly supported the provision for 135,000 units which was adopted by the Senate.

I have known for some time, indeed, I knew before I came to the Senate, that the lack of low-rent housing was so serious, and the inability of private enterprise to deal with that situation, particularly in our industrial centers, was so plainly evident that the Government of the United States could not close its eyes to the pressing need until the largest part of the deficit was eliminated.

Having been an observer at the conference as an alternate, and knowing the very difficult situation which the conferees faced, I feel that the Senate conferees obtained the best that could be secured when they came to the Senate with a provision for 45,000 units.

The House, for some reason which I have never fully comprehended, has an adamant attitude with respect to this important matter. So I have no criticism of the Senate conferees; indeed, in view of the adamant attitude of the House, I believe the Senate conferees have done the best that could have been expected.

For that reason, and not because I like to settle for 45,000 units, but knowing we are not going to get any greater number than that—in fact, I am prone to express the hope that the House will

approve the conference report and will not reject it—I expect to vote for the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. DOUGLAS. Mr. President, I have refrained from making any comment on the bill until after the conference report was agreed to, but in view of the fact that I was a member of the conference committee, I think I should make my position clear.

In my opinion, the public housing provisions of the bill are grossly inadequate. The truth of the matter is that, as the Senator from Minnesota [Mr. HUMPHREY] has stated, our larger cities are rotting away from the centers, the regions fanning out from the centers of our cities have become slums, and this cancer is eating into the bodies of our cities as a whole. There are still millions of people who live in these slum areas, with the result that a multitude of children and families are not growing up under the circumstances in which we desire our American boys and girls to develop. Slums breed bad health and a high death rate.

They breed juvenile delinquency and a high crime rate. They are destructive of the happier features of family life, and I think they constitute 1 of 2 major blots upon American society—our treatment of the Negro being the other.

In the Housing Act of 1949, we authorized the construction of 810,000 housing units, to be distributed over a period of 6 years, or at an average rate of 135,000 units a year. Those 6 years expired this spring; but, instead of constructing 810,000 units, during the intervening years we have constructed only approximately 250,000 units. Therefore, in order to complete the program of 1949, we need to construct 560,000 units more. That was the purpose of the Senate bill, namely, to build 135,000 units a year, for 4 years and, in addition, to take care of the needs of the aged, and particularly the single men and women over age 65, who at present, because they are not married, cannot be admitted to public-housing projects.

As the Senator from New York stated, I think that was a minimum program. It would merely have carried out in 10 years what it was the intent of Congress in 1949 to have carried out in 6 years. The Senate members of the conference committed insofar as the majority were concerned, struggled in conference to get the House conferees to agree to that measure. We were unsuccessful.

Then we proposed 75,000 units a year, for 2 years, plus 10,000 units for the aged. We were unsuccessful in that effort.

We then proposed 50,000 units a year, for 2 years, plus 10,000 units for the aged. We were unsuccessful in that effort.

Next, we proposed 50,000 units for 1 year, but without any provision for the aged. We were unsuccessful in that effort.

I do not wish to question in the slightest degree the patriotism or the good in-

tentions of the House conferees, and I wish to say that it was a personal pleasure to associate with them in working on this matter. They were courteous, generous, and friendly in manner.

However, it is true that the real-estate interests of the country have for the last 6 years carried on powerful propaganda to prevent the Housing Act of 1949 from going into effect. They have tried to stymie it by shutting off national appropriations, and by imposing impossible restrictions. They have also gone into the cities, to prevent the localities from taking advantage of the public-housing features. They have had a very large share in the determination of public policy, and their activities at the present time are very powerful. Therefore, we had against us the propaganda which the real-estate lobby had spread over a period of years. That is their right, as American citizens; and if they believe this method is wrong, I have no criticism of their opposition to public housing.

However, it seems extraordinary, to me, that the same group of persons are great advocates of FHA. As a matter of fact, if we consider both FHA and the Veterans' Administration, we find that approximately one-half of all housing units now being constructed are erected under governmental guaranties, on the basis of either very small downpayments or, in some cases, with no downpayments.

I favored that program, which is what is building up the suburbs in the outer residential sections of some of our smaller cities.

However, Mr. President, it is extraordinary, to me, that the persons who not only expect, but demand, governmental aid for FHA—and in this measure we provide more of it for them—are so bitterly opposed to the slightest amount of Government aid for public housing. This is a great and glaring inconsistency. In addition, I find it difficult to understand how, in good conscience, they can support FHA, which is housing for upper middle income groups who need Government aid least of all, and oppose public housing for the poor and lower income groups who need housing and Government aid most of all.

It is also true that, in the main, we faced the opposition of the administration. The administration favored 35,000 units a year; but it was made clear to us—at least it was by the spokesmen who represented the administration—that they did not want any units in addition to the 35,000; and in addition the very distinguished and able leader of the minority group in the Banking and Currency Committee read a memorandum, which he said came from the White House—which, however, I believe, was not signed—which stated that the President was opposed to removing the restrictions on the housing bill, which for many months during the last year stymied all granting of contracts.

So we not only had these powerful forces generated in the country, but we also had the tacit pressure of the Administration working against a liberal housing bill.

Under the circumstances, I think we did well to get 45,000 units a year—which is 10,000 more than we could have obtained if the Administration's program had been carried out.

Moreover, I wish to make clear that the restrictions imposed in the Housing Act of 1954, which virtually prevented the erection of public housing and which the administration approved, have been removed.

So I hope and believe that the 45,000 authorized units may be translated into 45,000 units for which actual contracts will be let.

I think the chairman of our committee, the distinguished Senator from Arkansas [Mr. FULBRIGHT], did a fine job in steering the bill through the committee. Like the Senator from New York, I am bitterly disappointed in the conference report, but I think it was the best we could get under the circumstances. I remember, however, a statement that old Andy Furuseth, the seamen's leader, who defended the interests of the seamen through the years when they had no friends and no organization—always used to place at the masthead of his paper, namely, "Tomorrow is Also a Day."

Mr. President, tomorrow is also a day in the battle for decent housing. We can and will carry this issue to the people, next year, in the deliberations in Congress; and later, on the hustings and on the stump. We will try to make a decent housing program one of the "musts" for a forward looking America. Since our cause is just, I have every confidence that in the long run it will prevail.

RESIGNATION OF HAROLD E. TALBOTT AS SECRETARY OF THE AIR FORCE

Mr. KNOWLAND. Mr. President, I have two letters which I should like to read for the information of the Senate. The first is from the Honorable Harold E. Talbott, Secretary of the Air Force, to the President.

DEAR MR. PRESIDENT: Because I would not in any circumstances wish to be a source of embarrassment to you, or to your splendid administration, I herewith tender you my resignation as Secretary of the Air Force, to take effect at your pleasure.

I consider that the position I have held in your administration has been one of great honor. My service to you, to our country, and to our Air Force, has given me more satisfaction than anything in my life.

When I came to Washington in January 1953, I disposed of my private interests in a manner which I was assured was completely acceptable to the Senate. I divested myself of investments which represented a long career in business. I did this gladly, as many other men have done, for it was an inspiration to me to be found worthy of assuming the office I have held.

The recent unfortunate and, I believe, distorted publicity given to my continued association with a management-engineering firm has been a matter of deep concern to me. Before the Senate confirmed me, I agreed to my retention of this interest. I am clear in my mind and conscience that my actions have been within the bounds of ethics. This connection has never influenced me, or interfered in the slightest with the discharge of my responsibilities as Secretary of the Air Force, and I have never

used that office to further its business. I have done my utmost to observe the high standards you have set for your official family. For the past 2½ years I have devoted my untiring efforts and energies to the task of building up the greatest air force in the world. I hope and believe that my efforts have met with some measure of success.

It has been my privilege to serve under the greatest President of my lifetime. Permit me to express my deep admiration for you personally, and my thanks for all the kindness and consideration you have shown me throughout the time I have held office.

Sincerely,

H. E. TALBOTT.

The President's reply is as follows:

DEAR HAROLD: The Secretary of Defense brought to me, this morning, your letter of resignation.

I know full well and appreciate deeply the tireless energy and effort you have given to the Air Force. Under your leadership, it has become ever stronger in the defense of our Nation. Your diligence in the administration of your Department has been unexcelled. On behalf of our people and their Government, I commend you for your fine accomplishments as Secretary.

As a result of public inquiry into your personal business activities, I realize that you have been subjecting yourself and your position to a most severe and searching scrutiny. I, like all others who know you, have been sure that your ultimate decision would ignore any personal desire or inclination and would demonstrate your devotion to the Air Force and your concern for the security of our country.

Your decision to resign, of course, has been a difficult one for you because there has been no intimation that your official duties have not been effectively and loyally performed. Nevertheless, I feel that, under the circumstances, your decision was the right one, and I accept your resignation.

I am informed by the Secretary of Defense that your Department is currently engaged in a number of critical programming activities in which your personal knowledge is of particular importance. He is convinced that in the interest of orderly turnover and for the welfare of the Air Force, these activities should, if possible, continue for about 2 weeks more under your direction. I agree with him. Therefore, I hope you will find it feasible to remain at your post through the week ending August 13.

As you return to civil life, my warm wishes for success go with you and your family. The contributions you have made to the strength and security of our country will remain in your memory, I hope, as a source of great personal satisfaction.

Sincerely,

DWIGHT D. EISENHOWER.

AMENDMENT OF THE CIVIL SERVICE RETIREMENT ACT OF 1930, AS AMENDED

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, Senate bill 2402.

The Senate resumed the consideration of the bill (S. 2402) to amend section 8 of the Civil Service Retirement Act of May 29, 1930, as amended.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Committee on Post Office and Civil Service.

AMENDMENT OF DOMESTIC MINERALS PROGRAM EXTENSION ACT—CONFERENCE REPORT

Mr. MURRAY. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6373) to amend the Domestic Minerals Program Extension Act of 1953 in order to extend the programs to encourage the discovery, development, and production of certain domestic minerals. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6373) to amend the Domestic Minerals Program Extension Act of 1953 in order to extend the programs to encourage the discovery, development, and production of certain domestic minerals, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments and agree to the same.

JAMES E. MURRAY,
W. KERR SCOTT,

By JAMES E. MURRAY,
JOSEPH C. O'MAHONEY,
GEORGE W. MALONE,

Managers on the Part of the Senate.

CLAIR ENGLE,
WAYNE N. ASPINALL,
WALTER ROGERS,
JOHN P. SAYLOR,
CLIFTON YOUNG,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the request for the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. HUMPHREY. Mr. President, I should like to ask the distinguished chairman of the Committee on Interior and Insular Affairs several questions regarding the report.

Mr. MURRAY. Mr. President, after the report is agreed to, I intend to bring up the matter to which I think the Senator from Minnesota has reference, and to state that we shall take it up at the next session of Congress, and that we feel that it is a very worthy proposal.

Mr. HUMPHREY. Then I shall withhold any comment or questioning until the Senator from Montana has had an opportunity to make his statement.

Mr. MURRAY. Mr. President, I move the adoption of the report.

The report was agreed to.

Mr. MURRAY. Mr. President, I should like to say that it is the intention of the committee at the beginning of the next session to take up the proposals made in the amendment of the Senator

from Minnesota [Mr. HUMPHREY], and also in the amendment of the Senator from Idaho [Mr. DWORSHAK]. We feel that they are both very worthy proposals, and we intend to take them under consideration actively at the beginning of the next session.

Mr. HUMPHREY. Mr. President, will the Senator yield to me?

Mr. MURRAY. I yield.

Mr. HUMPHREY. I wish to express my thanks to the Senator from Montana for the statement he has just made. I know that the Senator from Montana realizes that I was very much disturbed by the action of the conference committee in deleting from the bill as passed by the Senate the two amendments which the junior Senator from Minnesota offered to that bill, and which were agreed to by the Senate.

Those two amendments were germane. One of them would have established an additional depot for the stockpiling of manganese up in the Cuyuna Range in the northern part of the State of Minnesota. In that area there happen to be rather extensive deposits of manganese ores which would be available for processing, and would add significantly to our stockpile.

The second amendment was one which related to directing the Secretary of the Interior to establish a mining and metallurgical research center in the State of Minnesota. I was particularly concerned about this amendment, as the conferees know. I wish to say again for the RECORD that the plant and its facilities are already available at Fort Snelling, Minn., for this experiment station. The only thing that keeps the experiment station from operating is a directive from the Secretary of the Interior.

I say most respectfully that there are great quantities of known deposits of valuable minerals in the northern part of the State of Minnesota, including cobalt, manganese, nickel, and other metals. To have a situation in which the entire north-central States area has no mining or metallurgical research center is incredible.

The proposal of the junior Senator from Minnesota in this amendment was not new. It was not as though it were pulled out of thin air. It has been approved by the Bureau of the Budget on two occasions, and I placed in the CONGRESSIONAL RECORD a memorandum from the Bureau of Mines supporting the very proposal which was made an amendment to this bill.

I know that the conferees realize this. I have a sense of letdown because we did not get this project. I consider the action taken a false economy and a delay in what needs to be done.

I wish to thank the chairman of the committee and the committee members on both sides of the aisle for their friendly consideration. I understand what happened in conference. If I am not mistaken, it was frankly stated in the conference that if any more amend-

HOUSING AMENDMENTS OF 1955

AUGUST 2, 1955.—Ordered to be printed

Mr. SPENCE, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 2126]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *That this Act may be cited as the "Housing Amendments of 1955"*.

TITLE I—GENERAL HOUSING AMENDMENTS

HOME IMPROVEMENT LOANS

SEC. 101. *Section 2 (a) of the National Housing Act, as amended, is hereby amended by striking "August 1, 1955" and inserting "September 30, 1956".*

MORTGAGE INSURANCE

SEC. 102. *(a) Section 204 (f) of said Act, as amended, is hereby amended by adding the following paragraph at the end thereof:*

"Notwithstanding any other provisions of this section, the Commissioner is authorized, with respect to mortgages insured pursuant to commitments for insurance issued after the date of enactment of the Housing Amendments of 1955, and, with the consent of the mortgagee or mortgagor, as the case may be, with respect to mortgages insured pursuant to commitments

issued prior to such date, to effect the settlement of certificates of claim and refunds to mortgagors at any time after the sale or transfer of title to the property conveyed to the Commissioner under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom."

(b) Section 207 of said Act, as amended, is hereby amended as follows:

(1) In subsection (a) (1) (B), after the words "residential use", insert "or upon which there is located or to be constructed facilities for trailer coach mobile dwellings";

(2) In subsection (a) (6), before the period, insert the following: "or space in a trailer court or park properly arranged and equipped to accommodate trailer coach mobile dwellings";

(3) In the first proviso of subsection (c) (2), after the words "of this section", insert "or a mortgage on a trailer court or park";

(4) Before the colon immediately preceding the proviso in subsection (c) (3), insert "or not to exceed \$1,000 per space or \$300,000 per mortgage for trailer courts or parks"; and

(5) In the last sentence of subsection (c), after the word "project", insert "may include eight or more family units and".

(c) Sections 207 (c) (1), 213 (b) (1), 213 (c), 220 (d) (3) (B), and 221 (d) (3) of said Act, as amended, are hereby amended by striking out "\$5,000,000" and inserting in lieu thereof "\$12,500,000".

(d) Section 213 (b) (2) of said Act, as amended, is amended by striking out "the estimated value" both times it appears and inserting in lieu thereof "the amount which the Commissioner estimates will be the replacement cost".

(e) Section 213 of said Act, as amended, is hereby amended by adding, in the last sentence of subsection (d), after the words "subsection (a) of this section", the words "may include eight or more family units and".

(f) Section 217 of said Act, as amended, is hereby amended by striking "July 1, 1954" and inserting "July 1, 1955", and by striking "\$3,500,000,000" and inserting "\$4,000,000,000".

(g) Section 220 (d) (3) of such Act, as amended, is amended as follows:

(1) In subparagraph (A) by striking out "the appraised value" and inserting in lieu thereof "the amount which the Commissioner estimates will be the replacement cost", and by striking out "such value" and inserting in lieu thereof "such cost", and by adding the following proviso before the last semicolon of said subparagraph (A): "∴ And provided further, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon appraised value rather than upon the Commissioner's estimate of the replacement cost"; and

(2) In subparagraph (B) (ii) by striking out "the estimated value" and inserting in lieu thereof "the amount which the Commissioner estimates will be the replacement cost", and by striking out "value" and inserting in lieu thereof "replacement cost", and by adding the following proviso before the semicolon in said subparagraph (B) (ii): "∴ Provided, That in the case of properties other than new construction, the foregoing limitation upon the amount of the mortgage shall be based upon appraised value rather than upon the Commissioner's estimate of the replacement cost".

(h) In the performance of, and with respect to, the functions, powers, and duties vested in him by section 213 of the National Housing Act.

as amended, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Cooperative Housing, and provide the Special Assistant with adequate staff, whose sole responsibility will be to expedite operations under such section and to eliminate obstacles to the full utilization of such section under the direction and supervision of the Commissioner. The person so appointed shall be fully sympathetic with the purposes of such section.

(i) Clause (a) of the second sentence of section 227 of said Act, as amended, is hereby amended by striking "under section 221" and inserting "under section 221 if the mortgage meets the requirements of paragraph (3) of subsection (d) thereof".

(j) Section 221 (a) of said Act, as amended, is amended as follows:

(1) By inserting after the words "in order to assist in relocating families" the following: "from urban renewal areas and in relocating families";

(2) By striking out the words "to be so displaced" in the first proviso of the second sentence;

(3) By striking out the words "to be so displaced and" and inserting "referred to above" in the second proviso of the second sentence.

(k) Section 223 (a) of said Act, as amended, is amended by striking out "section 203 or section 207" each time it appears and inserting in lieu thereof "section 203, 207, or 213".

FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 103. Section 305 of said Act, as amended, is amended by adding at the end thereof the following:

"(e) Notwithstanding any other provision of this Act, the Association is authorized to enter into advance commitment contracts which do not exceed \$50,000,000 outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 either a commitment to insure or a statement of eligibility; but not more than \$5,000,000 of such authorization shall be available for such commitments in any one State."

CERTIFICATES OF CLAIM

SEC. 104. Section 604 (f) of said Act, as amended, is hereby amended by adding the following paragraph at the end thereof:

"Notwithstanding any other provisions of this section, the Commissioner is authorized, with the consent of the mortgagee or mortgagor, as the case may be, to effect the settlement of certificates of claim and refunds at any time after the sale or transfer of title to the property conveyed to the Commissioner under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom."

TERMINATION OF TITLE IX OF THE NATIONAL HOUSING ACT

SEC. 105. The second sentence of section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended by striking in clause (a) thereof "designate hereunder" and inserting "designate hereunder or (iii) pursuant to a commitment to insure issued pursuant to the preceding clause (ii)":

SLUM CLEARANCE AND URBAN RENEWAL

SEC. 106. (a) Section 103 (b) of the Housing Act of 1949, as amended, is hereby amended by striking "\$100,000,000, which limit shall be increased by further amounts of \$100,000,000 on July 1 in each of the years 1950, 1951, 1952, and 1953, respectively: Provided, That (subject to the total authorization of not to exceed \$500,000,000)" and inserting "\$500,000,000, which limit shall be increased by further amounts of \$200,000,000 on July 1 in each of the years 1955 and 1956, respectively: Provided, That".

(b) Section 106 (e) of said Act, as amended, is hereby amended by striking "\$35,000,000" and inserting "\$70,000,000".

(c) Section 110 (c) of said Act, as amended, is hereby amended by inserting between the first and second sentences thereof the following sentence: "Where land within the purview of subparagraph (1) (ii) or (1) (iii) hereof (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: Provided, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title."

SEC. 107. The Territorial Enabling Act of 1950 (64 Stat. 344) is hereby amended—

(1) by inserting "urban renewal," after "urban redevelopment," in the title;

(2) by inserting ", AND URBAN RENEWAL" after "REDEVELOPMENT" in the heading of title I;

(3) by inserting "and urban renewal projects" after the term "urban redevelopment projects" in each place where that term appears in title I;

(4) by inserting "URBAN RENEWAL," after "REDEVELOPMENT," in the heading of title III;

(5) by inserting "urban renewal," after "urban redevelopment," in sections 301 and 303;

(6) by inserting "or urban renewal" after "urban redevelopment" in section 304;

(7) by inserting "as amended," after "(Public Law 171, Eighty-first Congress)," in sections 101, 301, and 304;

(8) by inserting "as amended," after "Housing Act of 1949," in the clause numbered "(1)" in section 304; and

(9) by inserting ", as amended," after "this Act" in sections 101, 301, and 304.

PUBLIC HOUSING

SEC. 108. (a) Section 101 (c) of title I of the Housing Act of 1949, as amended, is amended by striking out "or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended,

for any project or projects not constructed or covered by a contract for annual contributions prior to the effective date of the Housing Act of 1954."

(b) Subsection (i) of section 10 of the United States Housing Act of 1937, as amended, is hereby amended to read as follows:

"(i) Notwithstanding any other provisions of law the Authority may enter into new contracts for loans and annual contributions for not more than forty-five thousand additional dwelling units during the period from the date of enactment of the Housing Amendments of 1955 through July 31, 1956, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: Provided, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress."

(c) Notwithstanding the provisions of any other law, the Housing and Home Finance Administrator is authorized to sell and convey all right, title, and interest of the United States (including any off-site easements) at fair market value as determined by him, in and to war housing project CONN-6028, known as Welles Village, containing one hundred and ninety-nine dwelling units on approximately thirty-four and one-half acres of land in Glastonbury, Connecticut, to the Housing Authority of the town of Glastonbury, Connecticut, subject to the approval of the legislative body of the town of Glastonbury, for use in providing moderate rental housing. Any sale pursuant to this section shall be on such terms and conditions as the Administrator shall determine: Provided, That full payment to the United States shall be required within a period of not to exceed thirty years with interest on the unpaid balance at not to exceed 5 per centum per annum: Provided further, That the provisions of this subsection shall be effective only during the period ending 12 months after the date of approval of this Act.

(d) The Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended, is hereby amended by amending the last paragraph of section 605 (a) to read as follows:

"In any city in which, on March 1, 1953, there were more than ten thousand temporary housing units held by the United States of America, or any two contiguous cities in one of which there were on such date more than ten thousand temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any or all lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veteran's housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will tend to expedite the orderly disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, and will tend to expedite the transition of the city from a war-affected community containing, as of said date, a large number of temporary houses to a community having additional permanent, well-planned, residential neighborhoods, (2) the local governing body of the city makes a like finding and requests the Administrator to acquire such title to the land, and (3) the city has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the

government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: Provided, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding four hundred and twenty-five acres of land in the general area in which approximately one thousand five hundred units of temporary housing held by the United States of America were unoccupied on said date: And provided further, That funds for such acquisition by the Administrator, which are authorized, pursuant to subsection (c) of this section and title II of the Independent Offices Appropriation Act, 1955, to be expended from the revolving fund established by that title under the heading "Housing and Home Finance Agency Office of the Administrator, revolving fund", shall be taken into consideration, to the extent that they are needed, in making any determination pursuant to the second proviso under that heading. All or any part of any land so acquired by the Administrator may, during the five year period following the date of its acquisition, be sold by the Administrator, through negotiated sale, to such city or any local public agency where (1) the city or local public agency has represented to the Administrator that it is duly authorized under State law to purchase and resell such land, that such land will be made available to private enterprise for development in accordance with local zoning and other laws, and that the aggregate of such land and any other land in the same city previously sold under the authority of this paragraph to the city or a local public agency will be developed for predominantly residential use, and (2) the city or local public agency has agreed to pay the fair market value of the land as determined by the Administrator, after giving consideration, among other relevant information, to the cost to the Federal Government of acquiring the fee simple title and of holding the land pending sale (including estimated amounts to cover legal and overhead expenses of such acquisition and to cover interest costs to the Federal Government of monies invested in the land pending sale). Any such negotiated sale of land to the city or a local public agency shall be made upon terms which require (1) that the city or public agency shall pay in cash at least one third of the price of the land upon its conveyance and the entire price within one year after its conveyance and (2) that any portion of the entire price not paid upon such conveyance shall be represented by an indebtedness which shall bear interest on outstanding balances at a rate of 4 per centum per annum and which shall be secured by a first mortgage lien upon the land or such portion of the land as the Administrator deems adequate to protect the financial interest of the Federal Government. The Administrator may, at any time that he deems it to be in the public interest to do so, dispose, under authority of other provisions of this Act, of any land acquired by him pursuant to this paragraph. Any land acquired by the Administrator pursuant to this paragraph which has not been disposed of within five years after its acquisition shall be disposed of by him as expeditiously as possible in the public interest in accordance with other authority contained in this Act. Notwithstanding the provisions of section 306 of this Act or any other provisions of law, no payments in lieu of taxes shall be made for any tax year beginning subsequent to the date of the acquisition of title to the property by the Administrator."

HOME LOAN BANK BOARD

SEC. 109. (a) *The Federal Home Loan Bank Act, as amended, is hereby amended—*

(1) *by striking the first sentence of section 6 (i) and inserting: "Any member other than a Federal savings and loan association may withdraw from membership in a Federal Home Loan Bank six months after filing with the board written notice of intention so to do, and the board may, after hearing, remove any member from membership, or deprive any nonmember borrower of the privilege of obtaining further advances, if, in the opinion of the board, such member or nonmember borrower (i) has failed to comply with any provision of this Act or regulation of the board made pursuant thereto; (ii) is insolvent: Provided, That any member of a bank which is a building and loan association, savings and loan association, cooperative bank, or homestead association shall be deemed insolvent if the assets of such member are less than its obligations to its creditors and others, including the holders of its withdrawable accounts; or (iii) has a management or home-financing policy of a character inconsistent with sound and economical home financing or with the purposes of this Act.";*

(2) *by striking the period at the end of section 7 (a) and inserting a colon and the following: "Provided, That the board may by regulation increase the number of elective directors of any Federal Home Loan Bank having a district which includes five or more States to a number not exceeding twice the number of States comprising such district, but such additional elective directors shall be apportioned as nearly as may be practicable in the same manner and order as is provided for the apportionment of elective directors under subsections (c) and (d) hereof : Provided further, That there shall be not less than one elective director from any of the States nor more than three elective directors from any of the States in any district referred to in the preceding proviso and in no event shall the total number of elective directors in any one district exceed eleven. The term 'States' as used in the preceding provisos shall mean the States of the Union and the District of Columbia.";*

(3) *by inserting "(a)" after the section number in section 17 and adding at the end thereof a new subsection (b) as follows:*

"(b) The Home Loan Bank Board which was, pursuant to Reorganization Plan Numbered 3 of 1947, established and made a constituent agency of the Housing and Home Finance Agency shall, from the effective date of the Housing Amendments of 1955, cease to be such a constituent agency and shall be an independent agency (including the Federal Savings and Loan Insurance Corporation) in the executive branch of the Government: Provided, That the functions vested in the Chairman of said board under clause (2) of the last sentence of subsection (b) of section 2 of said reorganization plan are hereby transferred to said board. Notwithstanding any other provision of law, said board, the Chairman thereof except as herein otherwise provided, and the Federal Savings and Loan Insurance Corporation, respectively, shall have and may exercise all functions which they respectively had or could exercise, immediately prior to the effective date of the Housing Amendments of 1955 or immediately prior to the effective date of the Independent Offices Appropriation Act, 1955. Said board shall annually make a report of its operations

(including those of the Federal Savings and Loan Insurance Corporation) to the Congress as soon as practicable after the first day of January in each year. The name of the Home Loan Bank Board is hereby changed to 'Federal Home Loan Bank Board'."

(b) Subsection (e) of section 406 of the National Housing Act, as amended (12 U. S. C. 1729 (e)), is hereby amended by striking the words "Housing and Home Finance Administrator" and inserting in lieu thereof the word "Congress".

SEC. 110. The Home Owners' Loan Act of 1933, as amended, is hereby amended by striking the proviso at the end of the second paragraph of section 5 (c) and inserting: "Provided, That no such loan, unless so insured or guaranteed, shall be made in excess of \$2,500."

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION ADMISSION FEES

SEC. 111. The National Housing Act, as amended, is hereby amended by striking section 403 (d) and inserting:

"(d) Any institution which applies after the effective date of the Housing Amendments of 1955 for insurance under this title shall pay, in the event its application is approved, an admission fee in such amount as the Corporation shall determine, taking into consideration the total cost of processing all insurance applications."

COMMUNITY FACILITIES ADMINISTRATION

SEC. 112. Section 702 of the Housing Act of 1954 is hereby amended to read as follows:

"SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain at all times a current and adequate reserve of planned public works the construction of which can rapidly be commenced, particularly when the national or local economic situation makes such action desirable, and (2) to help attain maximum economy and efficiency in the planning and construction of public works, the Administrator is hereby authorized to make advances to public agencies (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: Provided, That the making of advances hereunder shall not in any way commit the Congress to appropriate funds and assist in financing the construction of any public works so planned: And provided further, That advances outstanding to public agencies in any one State shall at no time exceed 10 per centum of the aggregate then authorized to be appropriated to the revolving fund established pursuant to subsection (e) of this section.

"(b) No advance shall be made hereunder with respect to any individual project unless it is planned to be constructed within a reasonable period of time, unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning, the applicant shall establish a separate planning account into which all Federal and

applicant funds estimated to be required for plan preparation shall be placed.

“(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: Provided, That if the public agency undertakes to construct only a portion of a planned public work it shall repay such proportionate amount of the advances relating to the public work as the Administrator determines to be equitable: And provided further, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency.

“(d) The Administrator is authorized to prescribe rules and regulations to carry out the purpose of this section.

“(e) In order to provide moneys for advances in accordance with this section, the Administrator is hereby authorized to establish a revolving fund which shall comprise all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayments and other receipts in connection with advances made under this section. There are hereby authorized to be appropriated to such revolving fund, in addition to the amount authorized by this section as originally enacted, the further amounts of \$12,000,000 which may be made available to the revolving fund on or after July 1, 1956; \$12,000,000 which may be made available to such fund on or after July 1, 1957; \$14,000,000 which may be made available to such fund on or after July 1, 1958; and such additional sums which may be made available from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of \$48,000,000 in undisbursed balances in the revolving fund and in advances outstanding for plans in preparation or for completed plans with respect to projects which, in the determination of the Administrator, can be expected to be undertaken within a reasonable period of time.”

SEC. 113. Effective upon the date of enactment of this Act the basic rate of compensation of the Community Facilities Commissioner of the Housing and Home Finance Agency shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency.

TITLE II—PUBLIC FACILITY LOANS

DECLARATION OF POLICY

SEC. 201. It has been the policy of the Congress to assist wherever possible the States and their political subdivisions to provide the services and facilities essential to the health and welfare of the people of the United States.

The Congress finds that in many instances municipalities, or other political subdivisions of States, which seek to provide essential public works or facilities, are unable to raise the necessary funds at reasonable interest rates.

It is the purpose of this title to authorize the extension of credit to assist in the provision of certain essential public works or facilities by States, municipalities, or other political subdivisions of States, where such credit is not otherwise available on reasonable terms and conditions.

FEDERAL LOANS

SEC. 202. (a) *The Housing and Home Finance Administrator, acting through the Community Facilities Administration, is authorized to purchase the securities and obligations of, or make loans to, States, municipalities and other political subdivisions of States, public agencies, and instrumentalities of one or more States, municipalities and political subdivisions of States, and public corporations, boards, and commissions established under the laws of any State, to finance specific public projects under State or municipal law. No such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses.*

(b) *The powers granted in subsection (a) of this section shall be subject to the following restrictions and limitations:*

(1) *No financial assistance shall be extended under this section unless the financial assistance applied for is not otherwise available on reasonable terms, and all securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations or otherwise.*

(2) *No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of forty years.*

(c) *In the processing of applications for financial assistance under this section the Administrator shall give priority to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need. As used in this section, a "smaller municipality" means an incorporated or unincorporated town, or other political subdivision of a State, which had a population of less than ten thousand inhabitants at the time of the last Federal census.*

FINANCING

SEC. 203. (a) *In order to finance activities under this title, the Administrator is authorized and empowered to issue to the Secretary of the Treasury, from time to time and to have outstanding at any one time, in an amount not exceeding \$100,000,000, notes and other obligations. Such obligations shall be in such forms and denominations, have such maturities and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to*

include any purchases of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(b) Funds borrowed under this section and any proceeds shall constitute a revolving fund which may be used by the Administrator in the exercise of his functions under this title.

GENERAL PROVISIONS

SEC. 204. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsection (c) (2), of the Housing Act of 1950. Funds obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for the administrative expenses of the Administrator in connection with the performance of such functions.

SEC. 205. No loans shall be made under section 108 of the Reconstruction Finance Corporation Liquidation Act (67 Stat. 230), as amended, after the date of enactment of this Act, except pursuant to an application for such loan filed prior to such date.

TITLE III—COLLEGE HOUSING

SEC. 301. Section 401 of title IV of the Housing Act of 1950, as amended, is hereby amended to read as follows:

"SEC. 401. (a) To assist educational institutions in providing housing and other educational facilities for students and faculties, the Administrator may make loans of funds to such institutions for the construction of such facilities: Provided, That (1) no such loan shall be made unless the educational institution shows that it is unable to secure the necessary funds for such construction from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title, and (2) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials.

"(b) Any educational institution which, prior to the date of enactment of this Act, has contracted for housing or other educational facilities may, in connection therewith, receive loans authorized under this title, as the Administrator may determine: Provided, That no such loan shall be made for any housing or other educational facilities, the construction of which was begun prior to the effective date of this Act, or completed prior to the filing of an application under this title.

"(c) A loan to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and with respect to loan contracts under which loan funds have not been fully disbursed prior to the date of enactment of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (1) $2\frac{3}{4}$ per centum per annum, or (2) the total of one-quarter of 1 per centum per annum added to the

rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in subsection (e) of this section.

"(d) To obtain funds for loans under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$500,000,000: Provided, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$100,000,000.

"(e) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) $2\frac{1}{2}$ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.

"(f) There are hereby authorized to be appropriated to the Administrator such sums as may be necessary, together with loan principal and interest payments made by educational institutions assisted hereunder, for payments on notes or other obligations issued by the Administrator under this section."

SEC. 302. That subsection (c) of section 404 of title IV of the Housing Act of 1950, as amended, is hereby amended to read as follows:

"(c) 'Development cost' means costs of the construction of the housing or other educational facilities and the land on which it is located, including necessary site improvements to permit its use for housing or other educational facilities."

SEC. 303. Section 404 of title IV of the Housing Act of 1950, as amended, is amended by—

(1) striking out subsection (b) and inserting in lieu thereof the following:

"(b) 'Educational institution' means (1) any educational institution offering at least a two-year program acceptable for full credit toward a baccalaureate degree, including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual, and (2) any corporation (no part of the net earnings of which inures to the benefit of any private shareholder or individual) (A) established by any institution included in clause (1) of this subsection for the sole purpose of providing housing or other educational facilities for students or students and faculty

of such institution without regard to their membership in or affiliation with any social, fraternal, or honorary society or organization, and (B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan secured under this title will pass to such institution.”; and

(2) adding at the end thereof the following new subsection:

“(h) ‘Other educational facilities’ means (1) new structures suitable for use as cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, and for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.”.

SEC. 304. This title may be cited as the “College Housing Amendments of 1955”.

TITLE IV—ARMED SERVICES HOUSING MORTGAGE INSURANCE

SEC. 401. Title VIII of the National Housing Act, as amended, is hereby amended to read as follows:

“TITLE VIII—ARMED SERVICES HOUSING MORTGAGE INSURANCE

“SEC. 801. As used in this title—

“(a) The term ‘mortgage’ means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease for a period of not less than fifty years to run from the date the mortgage was executed; and the term ‘first mortgage’ means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

“(b) The term ‘mortgagee’ includes the original lender under a mortgage, and his successors and assigns approved by the Commissioner; and the term ‘mortgagor’ includes the original borrower under a mortgage, his successors and assigns.

“(c) The term ‘maturity date’ means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

“(d) The term ‘housing accommodations’ means housing designed for occupancy by military personnel and their dependents, assigned to duty at or near the military installation where such housing units are constructed.

“(e) The term ‘personnel’ shall include military and civilian personnel approved by the Secretary of Defense, or his designee, and the dependents of all such personnel.

“(f) The term ‘military’ includes Army, Navy, Marine Corps, Air Force, and Coast Guard.

“(g) The term ‘State’ includes the several States and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

“SEC. 802. The Military Housing Insurance Fund created by this section prior to amendment thereto shall hereafter be known as the Armed Services Housing Mortgage Insurance Fund. General expenses of opera-

tion of the Federal Housing Administration under this title (including operations with respect to mortgages insured or to be insured pursuant to this title prior to enactment of the Housing Amendments of 1955) may be charged to the Armed Services Housing Mortgage Insurance Fund.

"SEC. 803. (a) In order to assist in relieving the acute shortage and urgent need for family housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of necessary family housing accommodations for personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: Provided, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed \$1,363,500,000: And provided further, That the limitation in section 217 of this Act shall not apply to this title: And provided further, That no mortgage shall be insured under this title after September 30, 1956, except pursuant to a commitment to insure issued before such date.

"(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

"(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to capital structure, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed \$100 stock or interest in, any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Armed Services Housing Mortgage Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

"(2) The mortgaged property shall be designed for use for residential purposes by personnel of the armed services and situated at or near a military installation, and the Secretary or his designee shall have certified that there is no intention, so far as can reasonably be foreseen, to substantially curtail the personnel assigned or to be assigned to such installation, and (i) shall have determined that for reasons of safety, security, or other essential military requirements, it is necessary that the personnel involved reside in public quarters (Provided, however, That for the purposes of this subsection housing covered by a mortgage insured, or for which a commitment to insure has been issued, under section 803 prior to the enactment of the 'Housing Amendments of 1955' may be considered the same as available quarters), or (ii) after consultation with the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense, or his designee, shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the

Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund from loss with respect to the mortgage covering such housing. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guarantee.

"(3) The mortgage shall involve a principal obligation in an amount—

"(A) not to exceed the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the cost of the property or project as such term is used in this paragraph may include the cost of the land, the physical improvements, and utilities within the boundaries of the property or project);

"(B) not to exceed an average of \$13,500 per family unit for such part of such property or project as may be attributable to dwelling use: Provided, That the replacement cost of the property or project as determined by the Commissioner, including the estimated value of any usable utilities within the boundaries of the property or project where owned by the United States and not provided for out of the proceeds of the mortgage, shall not exceed an average of \$13,500 per family unit; and

"(C) not to exceed the bid of the eligible builder of the property or project under section 403 of the Housing Amendments of 1955. The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe, have a maturity not to exceed twenty-five years, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum of the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

"(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to $1\frac{1}{2}$ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: Provided, That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Commissioner may require, that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium

charges theretofore paid. The Commissioner may reduce the payment of premiums provided for herein.

"(d) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this title shall be considered a default under such mortgage, and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Commissioner, within a period and in accordance with rules and regulations to be prescribed by the Commissioner of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery, the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided for in subsection (e) of this section, issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default; less the sum of (i) any amount received on account of the mortgage after such date; and (ii) any net income received by the mortgagee from the property after such date.

"(e) Debentures issued under this title shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the Armed Services Housing Mortgage Insurance Fund.

"(f) Debentures issued under this title shall be executed in the name of the Armed Services Housing Mortgage Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date of default as determined in accordance with subsection (d) of this section, and shall bear interest from such date at a rate determined by the Commissioner with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures shall be exempt, both as to principal and inter-

est, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States or by the District of Columbia, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Armed Services Housing Mortgage Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the Armed Services Housing Mortgage Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

“(g) The certificate of claim issued by the Commissioner to any mortgagee in connection with the insurance of mortgages under this title shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this Act, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Commissioner and credited to the Armed Services Housing Mortgage Insurance Fund.

“(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property (1) all references in such sections to the ‘Housing Fund’ shall be construed to refer to the ‘Armed Services Housing Mortgage Insurance Fund’, and (2) the reference in section 207 (k) to ‘subsection (g)’ shall be construed to refer to ‘subsection (d)’ of this section.

“(i) The Commissioner shall also have power to insure under this title or title II any mortgage executed in connection with the sale by him of any property acquired under this title without regard to any limit as to eligibility, time or aggregate amount contained in this title or title II.

“(j) Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

“SEC. 804. (a) Moneys in the Armed Services Housing Mortgage Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of the Armed Services Housing Mortgage Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

“(b) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured

under this title, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Armed Services Housing Mortgage Insurance Fund, shall be credited to the Armed Services Housing Mortgage Insurance Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this title, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this title, shall be charged to the Armed Services Housing Mortgage Insurance Fund.

"SEC. 805. Whenever the Secretary of the Army, Navy, or Air Force determines that it is necessary to lease any land held by the United States on or near a military installation to effectuate the purposes of this title, he may lease such land upon such terms and conditions as will, in his opinion, best serve the national interest. The authority conferred by this section shall be in addition to and not in derogation of any other power or authority of the Secretary of the Army, Navy, or Air Force.

"SEC. 806. The second sentence of section 214 of the National Housing Act, as amended, relating to housing in the Territory of Alaska, shall not apply to mortgages insured under this title on property in said Territory.

"SEC. 807. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title. In the performance of, and with respect to, the functions, powers and duties vested in him by this title, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Armed Services Housing for Mortgage Insurance, and provide the Special Assistant with adequate staff, whose whole responsibility will be to expedite operations under this title and to eliminate administrative obstacles to the full utilization of this title under the direction and supervision of the Commissioner.

"SEC. 808. The cost certification required under section 227 of this Act shall not be required with respect to mortgages insured under the provisions of this title as amended by the Housing Amendments of 1955."

SEC. 402. Section 305 of the National Housing Act, as amended, is amended by adding the following at the end thereof:

"(f) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any mortgage (or participation therein) which is insured under title VIII of this Act, as amended by the Housing Amendments of 1955: Provided, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$200,000,000 outstanding at any one time."

SEC. 403. (a) The Secretary of Defense or his designee is hereby authorized to enter into contracts with any eligible builder to provide for the construction of urgently needed housing on lands owned or leased by the United States and situated on or near a military reservation or installation for the purpose of providing suitable living accommodations for military personnel of the armed services assigned to duty at the military installation at or in the area where the housing is situated. Any such contract shall provide that each housing unit in the project shall be placed under the control of the Secretary of Defense, or his designee, as soon as the unit is available for occupancy as determined by the Commissioner. Any such contract shall also provide that except for stock held by the

Commissioner, the capital stock of the builder (where the builder is a corporation) be transferred to the Secretary of Defense, or his designee, when the housing has been completed as determined by the Commissioner. Any such contract shall contain such terms and conditions as the Secretary may determine to be necessary to protect the interests of the United States. Before the Secretary shall enter into any contract with any builder as authorized by this section for the construction of housing, he shall invite the submission of competitive bids after advertising in the manner prescribed in section 3 of the Armed Services Procurement Act of 1947.

(b) For the purposes of this title, the term "eligible builder" means a person, partnership, firm, or corporation determined by the Secretary after consultation with the Commissioner (1) to be qualified by experience and financial responsibility to construct housing of the type described in subsection (a) of this section, and (2) to have submitted the lowest acceptable bid.

(c) Notwithstanding any other provision of law, the Secretary of Defense or his designee is authorized to acquire the capital stock of mortgagors holding property covered by a mortgage insured under title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, and to exercise the rights as holder of such capital stock during the life of such mortgage and, upon the termination of the mortgage, to dissolve the corporation; to guarantee the payment of notes or other legal instruments required by the Commissioner of such mortgagors; to make payments thereon; and to guarantee and indemnify the Armed Services Mortgage Insurance Fund against loss in cases where so required. All housing facilities placed under the control of the Secretary of Defense pursuant to the provisions of this title shall be deemed to be housing facilities under the jurisdiction of the military department to which they are assigned.

SEC. 404. Whenever the Secretary of Defense or his designee shall deem it necessary for the purposes of this title, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any unimproved land, or (with the approval of the Federal Housing Commissioner) any housing financed with mortgages insured under the provisions of title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955. Notwithstanding the provisions of any other law, the price paid for any such unimproved land or housing purchased by the Secretary under this or any other law shall be the fair market value of such land or housing as determined by the Secretary on the basis of an independent appraisal, and, in connection with any agreements to purchase such housing, the Secretary of Defense or his designee may assume, or purchase subject to, any such mortgage. Any such condemnation proceedings shall be conducted in accordance with the provisions of the Act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the Secretary, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount

estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the courts, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

SEC. 405. The Secretary of Defense or his designee is authorized to maintain and operate any housing acquired under this title and assign quarters therein to military and civilian personnel and their dependents. Appropriations for quarters allowances or appropriate allotments, and rental charges to civilian personnel, may be utilized by the military department concerned for the payment of principal, interest, and other obligations, except those of maintenance and operation, of the mortgagor corporation with respect to such housing projects. Such payments shall not exceed an average of \$90 a month per housing unit and total payments for all housing so acquired shall not exceed \$9,000,000 per month: Provided, That, in case of the United States Coast Guard, total payments for all housing so acquired shall not exceed \$90,000 per month.

SEC. 406. Whenever the Secretary of Defense or his designee determines that it is desirable in order to effectuate the purposes of this title, the Secretary is authorized, without regard to the civil service and classification laws, to procure, by negotiation or otherwise, the services of architects and engineers, or organizations thereof, under such arrangements as he deems desirable, but at an expense not in excess of that permissible under the schedule of fees allowed from time to time by the Public Housing Administration in connection with projects assisted under the United States Housing Act of 1937, as amended. Such services may include the development of plans, drawings, and specifications for family housing under this title and other services in connection therewith: Provided, That such plans, drawings, and specifications may include the use on any project to be constructed under this title of alternate materials or alternate types of construction, including prefabrication, that provide substantially equal value and conform to standards established by the Federal Housing Commissioner: Provided further, That the Secretary may designate certain sites or parts thereof for family housing to be furnished from prefabricated houses or housing components. Such arrangements may include provision for advance or progress payments, for payment by third parties, for payment by the Government of any such compensation as is not paid for by third parties, and shall include provision for reimbursement by third parties to the Government of any compensation or other expenses paid by the Government pursuant to this section, and may include other provisions for compensation. Any public works appropriations now or hereafter available to the Departments of the Army, Navy, or Air Force or the Coast Guard may be obligated by the respective departments or the Coast Guard for these purposes. Reimbursements to the Government on account of payments made pursuant to this section shall be made to appropriations against which such payments were charged. The Secretary is further authorized to advance or pay to the Federal Housing Administration its "Appraisal and Eligibility Statement" fees in connection with such family housing. The Secretary is further authorized to enter into arrangements by contract or otherwise for eventual acquisition by the Government, without cost to the Government of all right, title,

and interest in sites on which housing is constructed pursuant to this title and improvements thereon.

SEC. 407. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of sections 403 through 406 of this Act.

(b) Any funds heretofore or hereafter authorized to be expended by any of the military departments or the Coast Guard for the payment of allowances for quarters for military personnel may be used for the purposes specified in subsection (a) above.

SEC. 408. Notwithstanding the provisions of section 401 of this Act, the provisions of title VIII of the National Housing Act in effect prior to the enactment of the Housing Amendments of 1955 shall continue in full force and effect with respect to all mortgages insured pursuant to a certification by the Secretary of Defense or his designee made on or before June 30, 1955, and a commitment to insure issued on or before June 30, 1956, or pursuant to a certification by the Atomic Energy Commission or its designee made on or before June 30, 1956 except that the maximum dollar amount for each such mortgage shall be \$12,500,000.

SEC. 409. (a) Wherever the terms "Secretary of Defense" or "Secretary" or "Secretary of the Army, Navy, or Air Force" appear in this title or in title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, they shall be deemed to mean the Secretary of the Treasury in the case of the application of the provisions of this title or of title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, for the benefit of the United States Coast Guard.

(b) Wherever the term "armed services" appears in this title it shall be deemed to include the United States Coast Guard.

TITLE V—FARM HOUSING

SEC. 501. Title V of the Housing Act of 1949, as amended, is hereby further amended as follows:

(1) In the first sentence of section 511 immediately following the phrase "July 1, 1953" strike out the word "and" and insert at the end of the sentence immediately before the period a comma and the following: "and an additional \$100,000,000 on and after July 1, 1955".

(2) In section 512, (A) strike out "and 1954" and insert "1954, and 1955", and (B) strike out "and \$2,000,000" and insert "\$2,000,000 and \$2,000,000".

(3) In section 513, strike out "and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, and 1954" and insert "\$10,000,000, and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, 1954, and 1955".

And the House agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,

Managers on the Part of the House.

JOHN SPARKMAN,
J. W. FULBRIGHT,
PAUL H. DOUGLAS,
HOMER E. CAPEHART,
IRVING M. IVES,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. The following is a section-by-section explanation of the substitute agreed to in conference.

SECTION 1—SHORT TITLE

This section provides that the act may be cited as the "Housing Amendments of 1955."

TITLE I—GENERAL HOUSING AMENDMENTS

SECTION 101—EXTENSION OF TITLE I, FHA HOME-IMPROVEMENT PROGRAM

This section would amend section 2 of the National Housing Act to extend the FHA title I home repair, modernization, and improvement program from August 1, 1955, to September 30, 1956.

SECTION 102—TITLE II, MORTGAGE INSURANCE

Subsection (a) would amend section 204 (f) of the National Housing Act to authorize FHA to make final settlement of certificates of claim held by mortgagees and refunds to mortgagors at any time after the sale or transfer of title by FHA on sales housing acquired by FHA in cases of defaulted mortgages.

Subsection (b) would amend section 207 of the National Housing Act (the section relating to the regular FHA rental housing program) to enable FHA to insure mortgages on trailer courts or trailer parks. Such mortgages could not exceed \$1,000 per trailer space or \$300,000 per mortgage. This mortgage insurance would not relate to the mobile homes, but to the land, utilities, and other improvements where the mobile homes are to be located. The requirement of the National Housing Act that the project covered by the mortgage be "economically sound" would apply to an insured mortgage on a trailer park, and it is expected that FHA will impose such additional requirements and standards as necessary to assure that mortgage insurance

for these parks will improve the living conditions of the occupants of mobile homes.

Subsection (b) would also amend section 207 of the National Housing Act to specifically authorize FHA to insure mortgages on rental properties having eight or more family units. By administrative limitation, properties insured under that section must now have 12 or more family units.

Subsection (c) would revise the present dollar amount limitations in the National Housing Act for FHA insured mortgages financing multifamily projects. The present \$5 million limitation would be increased to \$12.5 million for projects with private sponsorship under the regular section 207 rental housing program, the section 213 cooperative housing program, the section 221 program for housing for families displaced from slum clearance or urban renewal areas or as a result of Government action, and the section 220 program for the construction or rehabilitation of housing in slum clearance or urban renewal areas. This dollar limitation is applicable only to each insured mortgage as more fully explained on pages 8, 9, and 10 of the report of the House Committee on Banking and Currency on S. 2126 with respect to section 102 (b) of the bill as reported by that Committee.

Subsection (d) would amend section 213 (b) (2) of the National Housing Act to provide that the basis for determining the maximum amount of a mortgage financing cooperative housing which can be insured by FHA under section 213 would be estimated "replacement cost" of the project instead of "estimated value" as is presently required.

Subsection (e) would amend section 213 (d) of the National Housing Act to provide specifically that mortgage insurance can be provided by FHA under the multifamily provisions of section 213 for structures consisting of eight or more family units.

Subsection (f) would amend section 217 of the National Housing Act (the FHA general mortgage insurance authorization) to authorize FHA mortgage insurance up to the aggregate of outstanding insurance liability and commitments on June 30, 1955, plus \$4 billion.

Subsection (g) would amend section 220 (d) (3) of the National Housing Act to provide that the maximum amount of a mortgage to be insured under section 220 of the National Housing Act may be determined on the basis of estimated "replacement cost" rather than "estimated value" as required by the present provisions of section 220. However, mortgages financing rehabilitation of housing would be excluded from the change made by this amendment. Section 220 provides for the insurance of mortgages financing the construction or rehabilitation of housing in slum-clearance or urban-renewal areas.

Subsection (h) provides that the Federal Housing Commissioner shall appoint a Special Assistant for Cooperative Housing and provide the Special Assistant with adequate staff, whose sole responsibility would be to expedite operations of the FHA under section 213 of the National Housing Act for the provision of mortgage insurance for cooperative housing.

Subsection (i) would amend section 227 of the National Housing Act to remove a requirement presently in that section that cost certifications shall be provided by builders of single-family homes with mortgages insured under section 221 of the act.

Section 221 of the National Housing Act would be amended by subsection (j) to permit the housing assisted under that section to be available for families living in an urban renewal area even though such families are not required by governmental action to leave the area. Section 221 provides FHA mortgage insurance for low-cost housing for families displaced by slum clearance or urban renewal activities or by other governmental action.

Subsection (k) would amend section 223 of the National Housing Act to permit cooperative housing groups to finance the purchase of Government-owned housing being disposed of under other provisions of law with the assistance of mortgages insured under the section 213 cooperative housing mortgage insurance provisions of the National Housing Act.

SECTION 103—FEDERAL NATIONAL MORTGAGE ASSOCIATION

This section would authorize the Federal National Mortgage Association to enter into advance commitments totaling not more than \$50 million outstanding at any one time to purchase cooperative housing mortgages insured by the Federal Housing Administration under section 213 of the National Housing Act. Not more than \$5 million of the authorization provided could be used for commitments in any one State.

SECTION 104—SETTLEMENT OF CLAIMS

This section would amend section 604 (f) of the National Housing Act to authorize FHA to make final settlement of certificates of claim held by mortgagees and refunds to mortgagors at any time after the sale or transfer of title by FHA on sales housing acquired by FHA in cases of defaulted mortgages insured under section 603.

SECTION 105—DEFENSE HOUSING AND COMMUNITY FACILITIES

All authority to insure mortgages under title IX of the National Housing Act (which relates to defense housing) expired August 1, 1955. Section 105 of the conference substitute would authorize the granting of such insurance pursuant to a commitment issued before August 1, 1955, for a project designated by the President under section 104 of the Defense Housing and Community Facilities and Services Act of 1951.

SECTION 106—SLUM CLEARANCE AND URBAN RENEWAL

Subsection (a) would increase the authorization in title I of the Housing Act of 1949 for capital grants for slum clearance and urban renewal by an additional \$200 million to be made available on July 1, 1955, and another \$200 million to be made available on July 1, 1956. Also, the President would be authorized to increase the authorization at any time or times by an additional \$100 million.

Under section 106 (c) of the Housing Act of 1949, not more than 10 percent of the capital grants authorized under title I of the Housing Act of 1949, as amended, may be expended in any one State, except that an additional \$35 million (subject always to the limitation on the total authorization) of capital grants may be allocated to local public

agencies in States in which more than two-thirds of the maximum capital grants permitted in those States has been obligated. Subsection (b) of this section would increase the \$35 million authorization to \$70 million.

Subsection (c) would add a provision to section 110 (c) of the Housing Act of 1949 which would authorize loans and advances to be made under the slum clearance and urban renewal program to assist in the redevelopment of either predominantly open land or open land for industrial or other nonresidential uses. The local governing body would be required to determine that such redevelopment is necessary and appropriate. The loans and outstanding advances to any local public agency for this purpose would not be permitted to exceed 2½ percent of the estimated gross project costs of all the other urban renewal or redevelopment projects undertaken by that agency.

SECTION 107—URBAN RENEWAL IN TERRITORIES

This section is a technical amendment to permit Territories to take full advantage of the provisions of title I of the Housing Act of 1949, making financial assistance available for urban renewal projects. The Territorial Enabling Act of 1950 authorized the governments of the Territories to enact laws which would authorize municipalities or public authorities in those Territories to carry out slum-clearance and redevelopment projects which would be eligible for financial assistance under title I of the Housing Act of 1949. However, the Housing Act of 1954 added provisions to the Housing Act of 1949 to authorize Federal aid to urban renewal, which includes aid not only for land acquisition and clearance for redevelopment as previously provided, but also aid to help in preventing the spread of slums and blight through rehabilitation and conservation measures. This section would broaden the authority of the Territories in this respect to cover the broader urban renewal activities.

SECTION 108—PUBLIC HOUSING

Subsection (a) would terminate the requirement that before a contract for annual contributions to a public housing project can be entered into by the Public Housing Administration the community must have a workable program for the prevention and elimination of slums and blight in the locality.

Subsection (b) would rewrite subsection 10 (i) of the United States Housing Act to authorize new contracts for loans and annual contributions for not more than 45,000 additional dwelling units. This authorization would expire July 31, 1956. Eliminated are the restrictions in the former subsection 10 (i) requiring as a condition to any new contract that a title I slum clearance and urban redevelopment or urban renewal project is being carried out in the community, that the local governing body certify that the housing is needed to assist in meeting the relocation requirements of title I, and that the Housing and Home Finance Administrator determine that the number of units does not exceed the number needed to house families relocated by governmental action.

Subsection (c) would authorize the Housing and Home Finance Administrator to sell at fair market value a war housing project known

as Welles Village, in the town of Glastonbury, Conn., to the housing authority of that town, subject to the approval of the legislative body of the town, for use as moderate rental housing. Full payment would be required within 30 years with interest at not to exceed 5 percent.

Subsection (d) would amend section 605 (a) of the Lanham Act to authorize the Housing and Home Finance Administrator to acquire (where certain conditions exist) by condemnation a fee title to certain lands in Richmond, Calif., in which the Administrator now holds a less than fee simple interest for use in the war housing and veterans' housing programs. The Administrator would also be authorized, at the request of the city, to sell such land at fair market value to the city or to the local redevelopment agency upon payment of one-third of the sales price at the time of conveyance and the balance at 4 percent interest. No payments in lieu of taxes could be made with respect to the land during the time title is held by the Administrator.

SECTION 109—HOME LOAN BANK BOARD

This section would amend section 6 (i) of the Federal Home Loan Bank Act to provide that any member institution may be removed from membership if in the judgment of the Home Loan Bank Board it is insolvent or the character of such institution's management or its home-financing policy is inconsistent with sound and economical home financing or with the purposes of that act. A member institution (which is a savings and loan or building and loan type) would be deemed insolvent if its assets are less than its obligations to its creditors and others, including the holders of its withdrawable accounts.

The present law provides that no institution shall be eligible to become a member of a bank if in the judgment of the Home Loan Bank Board its financial condition is such that advances may not safely be made to it or if the character of its management and home-financing policy is inconsistent with sound and economical home financing or with the provisions of the act. There is, however, no provision for removal of a member institution for these grounds once the institution becomes a member of the Federal home loan bank system. The bill would correct this situation.

The section also expressly provides that a Federal savings and loan association may not voluntarily withdraw from membership. These institutions are required by law to become members of a Federal home loan bank. The present law requiring these institutions to be insured does not permit them to voluntarily cancel insurance of accounts by the Federal Savings and Loan Insurance Corporation.

The section would permit the Home Loan Bank Board, in any district in which there are more than four States, to increase the directorate so that there could be as many as, but not more than, twice as many elective directors as there are States. However, there shall be not less than 1 elective director from any State nor more than 3 elective directors from any State in any such district and in no event shall the total number of elective directors in any one district exceed 11.

The section would remove the Home Loan Bank Board, including the Federal Savings and Loan Insurance Corporation, from the Housing and Home Finance Agency and establish the Board as a separate

independent agency in the executive branch of the Government. The name of the Board would be changed to the Federal Home Loan Bank Board.

SECTION 110—REMOVAL OF \$2,500 LIMITATION ON FHA AND VA IMPROVEMENT LOANS BY FEDERALS

This section would make a correction in the existing law to remove the specific dollar limitation as applied to the amount of an FHA or VA insured or guaranteed loan made by a Federal savings and loan association.

SECTION 111—FSLIC ADMISSION FEE

This section would provide that lending institutions applying for insurance by the Federal Savings and Loan Insurance Corporation hereafter shall pay an admission fee as determined by FSLIC, taking into consideration the cost of processing the applications.

SECTION 112—RESERVE OF PLANNED PUBLIC WORKS

This section would amend section 702 of the Housing Act of 1954, which authorized the third public works advance planning program, to make the following changes:

(1) The Housing and Home Finance Administrator would be authorized to establish a revolving fund for the making of planning advances. In addition to the \$10 million authorized to be appropriated by section 702 as originally enacted there would be authorized to be appropriated to the fund \$12 million, \$12 million, and \$14 million to be made available on or after July 1, 1956, 1957, and 1958 and, in addition, such appropriations from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of \$48 million in outstanding advances (and any undisbursed balances in the fund) for plans of projects which can be expected to be undertaken within a reasonable period of time.

(2) Advances outstanding to public agencies in any one State would be limited to not more than 10 percent of the aggregate then authorized to be appropriated to the revolving fund. (Under the present law not more than 5 percent of appropriations may be expended in any one State.)

(3) The July 1, 1957, expiration date for the present program would be eliminated.

(4) Provisions would be added to the law which would require a public agency to repay only proportionate amounts of advances when only a portion of the construction of a planned public work is undertaken by the local public agency.

SECTION 113—SALARY OF COMMUNITY FACILITIES COMMISSIONER

This section would make the salary of the Community Facilities Commissioner of the Housing and Home Finance Agency the same as that of the heads of the constituent agencies.

TITLE II—PUBLIC FACILITY LOANS

SECTION 201—PUBLIC FACILITY LOANS; DECLARATION OF POLICY

This section states that it has been the policy of Congress to assist States and their political subdivisions to provide the services and facilities essential to the health and welfare of the people of the United States. It states further that the purpose of title II is to authorize the extension of credit to assist in the provision of certain essential public works where such credit is not otherwise available on reasonable terms and conditions.

SECTION 202—FEDERAL LOANS FOR PUBLIC FACILITIES

Subsection (a) of this section would authorize the Housing and Home Finance Administrator, acting through the Community Facilities Administration, to make loans to States, municipalities, and other public agencies and instrumentalities of one or more States to finance specific public projects under State or municipal law.

Subsection (b) would provide that no loans shall be extended unless the financial assistance applied for is not otherwise available on reasonable terms, the loans shall be so secured as reasonably to assure retirement or repayment, and loans may be made either directly or in cooperation with banks or other lending institutions. The maturity dates of the loans could not exceed 40 years.

Subsection (c) would provide that priority shall be given to applications for loans of smaller communities (municipalities of less than 10,000 population) for assistance in the construction of basic public works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas-distribution systems.

SECTION 203—FINANCING OF LOANS

To provide funds for public facility loans the Housing and Home Finance Administrator would be authorized by this section to borrow from the Treasury and have outstanding at any one time up to \$100 million in obligations to the Treasury. Obligations to the Treasury would bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable United States obligations of comparable maturities.

Subsection (b) would provide that funds borrowed from the Treasury and any proceeds from the funds shall constitute a revolving fund to carry out the purposes of title II.

SECTION 204—GENERAL PROVISIONS

This section would provide powers to the Administrator for carrying out the purposes of title II and that funds obtained or held by the Administrator under this title shall be available for the administrative expenses of carrying out the functions under the title.

Title II would be made applicable to the States, the District of Columbia, Puerto Rico, and the Territories and possessions of the United States.

SECTION 205—TERMINATION OF AUTHORITY TO MAKE LOANS UNDER
THE RECONSTRUCTION FINANCE CORPORATION LIQUIDATION ACT

This section would provide that no loans shall be made under section 108 of the Reconstruction Finance Corporation Liquidation Act, as amended, after the date of enactment of the Housing Amendments of 1955, except pursuant to an application for a public facility loan filed prior to such date.

TITLE III—COLLEGE HOUSING

SECTION 301—BROADENING AND LIBERALIZING OF COLLEGE HOUSING
LOAN PROGRAM

This section would amend section 401 of the Housing Act of 1950 to broaden the purposes for which college housing loans could be made, and to authorize such loans to be made on more liberal terms.

Under the amended subsection (a) the Administrator would be authorized to make loans not only for housing but also for "other educational facilities." The revised subsection would also provide that an eligible loan may be made unless funds can be obtained by the educational institution upon terms equally as favorable as the terms of the Government loan. Under the present provisions of this subsection, loans are not made unless the educational institution shows that it is unable to secure the necessary funds from other sources upon terms and conditions generally comparable to the terms and conditions applied to the Government loans.

Subsection (b), as amended, would provide that no loan could be made where construction of the housing or other educational facilities had been completed prior to the filing of an application under this title.

Subsection (c), as amended, would increase the maximum terms of the loans from 40 years to 50 years, and lower the interest rate charge to the institutions. The lower interest rate would apply with respect to all loan contracts (including existing contracts) under the title where the loan funds have not been fully disbursed prior to the date of enactment of the bill.

Subsection (d), as amended, would provide for an increase from \$300 million to \$500 million in the total amount of obligations which can be issued to the Treasury and outstanding at any one time to provide funds for loans. Not more than \$100 million of these obligations can be used for "other educational facilities".

Subsection (e) would reduce the rate paid by the Agency on borrowings from the Treasury to provide funds for loans.

SECTIONS 302 AND 303—DEFINITIONS

Section 302 would amend section 404 (c) of the Housing Act of 1950, to include "other educational facilities" in the definition of "development cost" provided in that subsection.

Section 303 would redefine the term "educational institution" to specifically include junior colleges, and to include nonprofit corporations established by a college for the sole purpose of providing housing or other educational facilities for the students or faculty. It would also define "other educational facilities" to include cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, and other essential service facilities.

SECTION 304—SHORT TITLE

This section provides that title III may be cited as the "College Housing Amendments of 1955".

TITLE IV—MILITARY HOUSING

SECTION 401—AMENDMENTS TO WHERRY ACT

This section would extend until September 30, 1956, the life of the FHA title VIII (Wherry Act) military housing program, and would amend title VIII in the following major respects:

(1) An insurance authorization of \$1,363,500,000 would be established for this program, in addition to the general FHA insurance authorization.

(2) Insurance would be issued for units which the Secretary of Defense determines are needed to meet essential military requirements, or for personnel for whom adequate housing is not available at reasonable rentals within reasonable commuting distance of a military installation. If the Federal Housing Commissioner does not concur in the Secretary's determination, he may require the Secretary to guarantee the insurance fund against loss on the mortgage in question.

(3) The amount of the insured mortgage may not exceed the FHA estimate of replacement cost, including the cost of land, physical improvements, and onsite utilities; and it may not exceed an average of \$13,500 per family unit for the part of the project attributable to dwelling use; and it may not exceed the lowest acceptable bid submitted by a qualified builder, as determined by the Secretary of Defense after consulting FHA. Also, the replacement cost of the property (including the estimated value of any usable utilities within the boundaries of the property where owned by the United States and not provided for out of the proceeds of the mortgage) shall not exceed \$13,500 per unit.

(4) The mortgage must mature in not more than 25 years, and bear interest at not more than 4 percent.

(5) The cost certification provisions of section 227 of the National Housing Act would not apply to this program.

(6) The program would be extended to include the Coast Guard as well as the military departments.

SECTION 402—PURCHASES BY FNMA

This section would authorize the Federal National Mortgage Association to make commitments to purchase, and to purchase, service, and sell, mortgages insured under the new military housing program, but the total amount of purchases and commitments outstanding at any one time could not exceed \$200 million.

SECTION 403—CONTRACTS FOR CONSTRUCTION OF HOUSING

Section 403 (a) authorizes the Secretary of Defense to enter into contracts with any eligible builder for the construction of housing on Government land at or near a military installation, after competitive bidding in accordance with the Armed Services Procurement Act of

1947. Under the contract, the housing will be placed under the control of the Secretary of Defense as it becomes available for occupancy, and the capital stock of the builder corporation will be transferred without cost to the Secretary.

Section 403 (b) defines "eligible builder".

Section 403 (c) authorizes the Secretary to acquire the capital stock of the mortgagor corporation and to exercise rights under the stock until the mortgage terminates, when the corporation will be dissolved. It also authorizes the Secretary to guarantee payment of the legal instruments which FHA requires of the mortgagor, and to guarantee the FHA insurance fund against loss, where such a guarantee is required.

SECTION 404—ACQUISITION OF LAND AND WHERRY ACT HOUSING

This section authorizes the Secretary of Defense to acquire unimproved land and, with FHA approval, existing Wherry housing, for purposes of the military housing program, through purchase or other transfer or through condemnation proceedings, and contains provisions to protect the interests of the owners in condemnation cases.

SECTION 405—ASSIGNMENT OF QUARTERS; PAYMENTS ON MORTGAGE

This section authorizes the Secretary of Defense to maintain and operate housing acquired under the program and assign quarters in such housing to military and civilian personnel. The military department concerned may use appropriations for quarters allowances or appropriate allotments, and rental charges to civilian personnel, to pay the obligations of the mortgagor with respect to the housing. Such payments shall not exceed an average of \$90 a month per housing unit, and shall not total more than \$9 million per month, nor more than \$90,000 per month for housing for the Coast Guard. Maintenance and operation expenses would not be paid in this manner, but would be paid out of funds appropriated for the purpose.

MISCELLANEOUS PROVISIONS

Section 406 provides for procurement of services of architects and engineers; section 407 authorizes necessary appropriations; section 408 contains saving provisions necessary to complete operations (including operations with respect to projects certified by the Atomic Energy Commission prior to July 1, 1956) under the existing Wherry Act; and section 408 contains provisions necessary to permit inclusion of the Coast Guard in the program.

TITLE V—FARM HOUSING

SECTION 501—FARM HOUSING

This section would provide the following additional authorization for farm housing under title V of the Housing Act of 1949, as amended, to be available on or after July 1, 1955: (1) \$100 million in the amount of loan funds which can be obtained from the Treasury; (2) \$2 million per annum in the amount of annual contribution commitments for housing on potentially adequate farms; and (3) \$10 million in the

amount of appropriations authorized for loans and grants for improvements and repairs of farm dwellings and other buildings, and loans for the enlargement and development of farms.

Title V of the 1949 act authorizes the Secretary of Agriculture to make (1) long-term loans to farmers having adequate farms who are nevertheless unable to obtain private credit on reasonable terms; (2) similar loans supplemented by modest contributions for 5 years, where the farmer is unable to undertake to repay the loan in full and the farm is not adequate but capable of being improved to the point where it is self-sustaining; and (3) modest loans and grants to help farm families on very poor farms to undertake minor improvements or minimum repairs to farm dwellings where necessary to remove hazards to the health or safety of the occupants, and modest loans for enlargement and development of farms.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,

Managers on the Part of the House.



House of Representatives

TUESDAY, AUGUST 2, 1955

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou God of all our days, may our hearts expand with gratitude for the many mercies which Thou hast bestowed upon us.

Wilt Thou continue to give us the glad assurance that no needed blessing wilt Thou ever withhold from us if we do justly, love mercy, and walk humbly with the Lord.

We thank Thee for the high and holy privilege we have had of working together in the service of our God, our country, and humanity.

Grant that when we come to the closing hour of this session of the Congress we may receive the benediction of Thy grace, "Well done, thou good and faithful servant."

May the Lord bless us and keep us; may the Lord make His face to shine upon us and be gracious unto us; may the Lord lift upon us the light of His countenance and give us peace.

Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 3908. An act to provide for the regulation of fares for the transportation of schoolchildren in the District of Columbia, and

H. R. 6199. An act to amend the act of October 14, 1940, to authorize the sale of personal property held in connection with housing under such act.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 7618. An act to amend section 8 of the Civil Service Retirement Act of May 29, 1930, as amended.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 2087. An act to amend the act of May 19, 1947 (ch. 80, 61 Stat. 102), as amended, so as to permit per capita payments to the individual members of the Shoshone Tribe and the Arapahoe Tribe, of the Wind River Reservation in Wyoming, to be made quarterly; and

S. 2237. An act to amend the act of May 26, 1949, to strengthen and improve the or-

ganization of the Department of State, and for other purposes.

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the Senate to bills of the House of the following titles:

H. R. 191. An act to regulate the election of delegates representing the District of Columbia to national political conventions, and for other purposes;

H. R. 4048. An act making recommendations to the States for the enactment of legislation to permit and assist Federal personnel, including members of the Armed Forces, and their families, to exercise their voting franchise, and for other purposes;

H. R. 6373. An act to amend the Domestic Minerals Program Extension Act of 1953 in order to extend the programs to encourage the discovery, development, and production of certain domestic minerals; and

H. R. 6382. An act to amend the International Claims Settlement Act of 1949, as amended, and for other purposes.

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the House to bills of the Senate of the following titles:

S. 1041. An act to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide for the inclusion in the computation of accredited service of certain periods of service rendered States or instrumentalities of States, and for other purposes;

S. 1077. An act to provide for settlement of claims for damages resulting from the disaster which occurred at Texas City, Tex., on April 16 and 17, 1947; and

S. 2126. An act to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

The message also announced that the Senate had ordered that the Senator from California, Mr. KNOWLAND, be appointed an additional conferee on the bill (H. R. 7117) entitled "An act making appropriations for the legislative branch for the fiscal year ending June 30, 1956, and for other purposes."

CALL OF THE HOUSE

Mr. MARTIN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 146]

Abernethy	Gray	Powell
Alger	Gregory	Prouty
Andrews	Griffiths	Radwan
Anfuso	Gubser	Reece, Tenn
Barden	Halleck	Reed, Ill.
Baumhart	Hillings	Reed, N. Y.
Belcher	Hinchaw	Richards
Bell	Hoffman, Ill.	Riehlman
Blitch	Holifield	Robison, Ky.
Bowler	Holt	Scrivner
Boykin	Jarman	Sheehan
Buchanan	Kearney	Shuford
Buckley	Kilburn	Sieminski
Chatham	Kluczynski	Siler
Chiperfield	Krueger	Smith, Kans.
Christopher	McConnell	Taylor
Clevenger	McDowell	Thomson, Wyo.
Cole	McGregor	Tuck
Colmer	Mason	Van Pelt
Cooley	Mumma	Van Zandt
Dawson, Ill.	Nelson	Velde
Dempsey	Norblad	Vursell
Dies	O'Brien, N. Y.	Watts
Dingell	Osmer	Widnall
Dolliver	Passman	Williams, Miss.
Durham	Pelly	Winstead
Eberharter	Perkins	Younger
Frazier	Phillips	
Gordon	Poage	

The SPEAKER. On this rollcall 347 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CORRECTION OF THE RECORD

Mr. JOHNSON of California. Mr. Speaker, on rollcall No. 142 on yesterday, a quorum call, I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

AMEND SECTION 8 OF THE CIVIL SERVICE RETIREMENT ACT

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 7618) to amend section 8 of the Civil Service Retirement Act of May 29, 1930, as amended, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? The Chair hears none, and appoints the following conferees: Messrs. MURRAY of Tennessee, MORRISON, and REES of Kansas.

HOUSING AMENDMENTS OF 1955

Mr. SPENCE submitted the following conference report and statement on the bill (S. 2126) to extend and clarify laws

relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Housing Amendments of 1955'."

"TITLE I—GENERAL HOUSING AMENDMENTS

"Home improvement loans

"SEC. 101. Section 2 (a) of the National Housing Act, as amended, is hereby amended by striking 'August 1, 1955' and inserting 'September 30, 1956'."

"Mortgage insurance

"SEC. 102. (a) Section 204 (f) of said Act, as amended, is hereby amended by adding the following paragraph at the end thereof:

"Notwithstanding any other provisions of this section, the Commission is authorized, with respect to mortgages insured pursuant to commitments for insurance issued after the date of enactment of the Housing Amendments of 1955, and, with the consent of the mortgagee or mortgagor, as the case may be, with respect to mortgages insured pursuant to commitments issued prior to such date, to effect the settlement of certificates of claim and refunds to mortgagors at any time after the sale or transfer of title to the property conveyed to the Commissioner under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom."

"(b) Section 207 of said Act, as amended, is hereby amended as follows:

"(1) In subsection (a) (1) (B), after the words 'residential use', insert 'or upon which there is located or to be constructed facilities for trailer coach mobile dwellings';

"(2) In subsection (a) (6), before the period, insert the following: 'or space in a trailer court or park properly arranged and equipped to accommodate trailer coach mobile dwellings';

"(3) In the first proviso of subsection (c) (2), after the words 'of this section', insert 'or a mortgage on a trailer court or park';

"(4) Before the colon immediately preceding the proviso in subsection (c) (3), insert 'or not to exceed \$1,000 per space or \$300,000 per mortgage for trailer courts or parks'; and

"(5) In the last sentence of subsection (c), after the word 'project', insert 'may include eight or more family units and'."

"(c) Sections 207 (c) (1), 213 (b) (1), 213 (c), 220 (d) (3) (B), and 221 (d) (3) of said Act, as amended, are hereby amended by striking out '\$5,000,000' and inserting in lieu thereof '\$12,500,000'."

"(d) Section 213 (b) (2) of said Act, as amended, is amended by striking out 'the estimated value' both times it appears and inserting in lieu thereof 'the amount which the Commissioner estimates will be the replacement cost'."

"(e) Section 213 of said Act, as amended, is hereby amended by adding, in the last sentence of subsection (d), after the words 'subsection (a) of this section', the words

'may include eight or more family units and'."

"(f) Section 217 of said Act, as amended, is hereby amended by striking 'July 1, 1954' and inserting 'July 1, 1955', and by striking '\$3,500,000,000' and inserting '\$4,000,000,000'."

"(g) Section 220 (d) (3) of such Act, as amended, is amended as follows:

"(1) In subparagraph (A) by striking out 'the appraised value' and inserting in lieu thereof 'the amount which the Commissioner estimates will be the replacement cost', and by striking out 'such value' and inserting in lieu thereof 'such costs' and by adding the following proviso before the last semicolon in said subparagraph (B) (ii): *And provided further*, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon appraised value rather than upon the Commissioner's estimate of the replacement cost'; and

"(2) In subparagraph (B) (ii) by striking out 'the estimated value' and inserting in lieu thereof 'the amount which the Commissioner estimates will be the replacement cost', and by striking out 'value' and inserting in lieu thereof 'replacement cost', and by adding the following proviso before the semicolon in said subparagraph (B) (ii): *Provided*, That in the case of properties other than new construction, the foregoing limitation upon the amount of the mortgage shall be based upon appraised value rather than upon the Commissioner's estimate of the replacement cost'."

"(h) In the performance of, and with respect to, the functions, powers, and duties vested in him by section 213 of the National Housing Act, as amended, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Cooperative Housing, and provide the Special Assistant with adequate staff, whose sole responsibility will be to expedite operations under such section and to eliminate obstacles to the full utilization of such section under the direction and supervision of the Commissioner. The person so appointed shall be fully sympathetic with the purposes of such section."

"(i) Clause (a) of the second sentence of section 227 of said Act, as amended, is hereby amended by striking 'under section 221' and inserting 'under section 221 if the mortgage meets the requirements of paragraph (3) of subsection (d) thereof'."

"(j) Section 221 (a) of said Act, as amended, is amended as follows:

"(1) By inserting after the words 'in order to assist in relocating families' the following: 'from urban renewal areas and in relocating families';

"(2) By striking out the words 'to be so displaced' in the first proviso of the second sentence;

"(3) By striking out the words 'to be so displaced and' and inserting 'referred to above' in the second proviso of the second sentence."

"(k) Section 223 (a) of said Act, as amended, is amended by striking out 'section 203 or section 207' each time it appears and inserting in lieu thereof 'section 203, 207, or 213'."

"Federal National Mortgage Association

"SEC. 103. Section 305 of said Act, as amended, is amended by adding at the end thereof the following:

"(e) Notwithstanding any other provision of this Act, the Association is authorized to enter into advance commitment contracts which do not exceed \$50,000,000 outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 either a commitment to insure or a statement of eligibility; but not more than \$5,000,000 of such authorization shall be available for such commitments in any one State."

"Certificates of claim

"SEC. 104. Section 604 (f) of said Act, as amended, is hereby amended by adding the following paragraph at the end thereof:

"Notwithstanding any other provisions of this section, the Commissioner is authorized, with the consent of the mortgagee or mortgagor, as the case may be, to effect the settlement of certificates of claim and refunds at any time after the sale or transfer of title to the property conveyed to the Commissioner under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom."

"Termination of title IX of the National Housing Act

"SEC. 105. The second sentence of section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended by striking in clause (a) thereof 'designate hereunder' and inserting 'designate hereunder or (iii) pursuant to a commitment to insure issued pursuant to the preceding clause (ii)'."

"Slum clearance and urban renewal

"SEC. 106. (a) Section 103 (b) of the Housing Act of 1949, as amended, is hereby amended by striking '\$100,000,000, which limit shall be increased by further amounts of \$100,000,000 on July 1 in each of the years 1950, 1951, 1952, and 1953, respectively: *Provided*, That (subject to the total authorization of not to exceed \$500,000,000)' and inserting '\$500,000,000, which limit shall be increased by further amounts of \$200,000,000 on July 1 in each of the years 1955 and 1956, respectively: *Provided*, That'."

"(b) Section 106 (e) of said Act, as amended, is hereby amended by striking '\$35,000,000' and inserting '\$70,000,000'."

"(c) Section 110 (c) of said Act, as amended, is hereby amended by inserting between the first and second sentences thereof the following sentence: 'Where land within the purview of subparagraph (1) (ii) or (1) (iii) hereof (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided*, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title.'"

"SEC. 107. The Territorial Enabling Act of 1950 (64 Stat. 344) is hereby amended—

"(1) by inserting 'urban renewal,' after 'urban redevelopment,' in the title;

"(2) by inserting ', and urban renewal' after 'redevelopment' in the heading of title I;

"(3) by inserting 'and urban renewal projects' after the term 'urban redevelopment projects' in each place where that term appears in title I;

"(4) by inserting 'urban renewal,' after 'redevelopment,' in the heading of title III;

"(5) by inserting 'urban renewal,' after 'urban redevelopment,' in sections 301 and 303;

"(6) by inserting 'or urban renewal' after 'urban redevelopment' in section 304;

"(7) by inserting 'as amended,' after '(Public Law 171, Eighty-first Congress),' in sections 101, 301, and 304;

"(8) by inserting 'as amended,' after 'Housing Act of 1949,' in the clause numbered '(1)' in section 304; and

"(9) by inserting 'as amended,' after 'this Act' in sections 101, 301, and 304.

"Public housing"

"SEC. 108. (a) Section 101 (c) of title I of the Housing Act of 1949, as amended, is amended by striking out 'or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to the effective date of the Housing Act of 1954.'

"(b) Subsection (i) of section 10 of the United States Housing Act of 1937, as amended, is hereby amended to read as follows:

"(i) Notwithstanding any other provisions of law the Authority may enter into new contracts for loans and annual contributions for not more than forty-five thousand additional dwelling units during the period from the date of enactment of the Housing Amendments of 1955 through July 31, 1956, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: *Provided*, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress."

"(c) Notwithstanding the provisions of any other law, the Housing and Home Finance Administrator is authorized to sell and convey all right, title, and interest of the United States (including any off-site easements) at fair market value as determined by him, in and to war housing project CONN-6028, known as Welles Village, containing one hundred and ninety-nine dwelling units on approximately thirty-four and one-half acres of lands in Glastonbury, Connecticut, to the Housing Authority of the town of Glastonbury, Connecticut, subject to the approval of the legislative body of the town of Glastonbury, for use in providing moderate rental housing. Any sale pursuant to this section shall be on such terms and conditions as the Administrator shall determine: *Provided*, That full payment to the United States shall be required within a period of not to exceed thirty years with interest on the unpaid balance at not to exceed 5 per centum per annum: *Provided further*, That the provisions of this subsection shall be effective only during the period ending 12 months after the date of approval of this Act.

"(d) The Act entitled 'An Act to expedite the provision of housing in connection with national defense, and for other purposes', approved October 14, 1940, as amended, is hereby amended by amending the last paragraph of section 605 (a) to read as follows:

"In any city in which, on March 1, 1953, there were more than ten thousand temporary housing units held by the United States of America, or any two contiguous cities in one of which there were on such date more than ten thousand temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any or all lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veteran's housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will tend to expedite the orderly disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, and will tend to expedite the transition of the city from a war-affected community containing, as of said date, a large number of temporary houses to a community having additional permanent, well-planned, residen-

tial neighborhoods, (2) the local governing body of the city makes a like finding and requests the Administrator to acquire such title to the land, and (3) the city has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: *Provided*, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding four hundred and twenty-five acres of land in the general area in which approximately one thousand five hundred units of temporary housing held by the United States of America were unoccupied on said date: *And provided further*, That funds for such acquisition by the Administrator, which are authorized, pursuant to subsection (c) of this section and title II of the Independent Offices Appropriation Act, 1955, to be expended from the revolving fund established by that title under the heading "Housing and Home Finance Agency Office of the Administrator, revolving fund", shall be taken into consideration, to the extent that they are needed, in making any determination pursuant to the second proviso under that heading. All or any part of any land so acquired by the Administrator may, during the five year period following the date of its acquisition, be sold by the Administrator, through negotiated sale, to such city or any local public agency where (1) the city or local public agency has represented to the Administrator that it is duly authorized under State law to purchase and resell such land, that such land will be made available to private enterprise for development in accordance with local zoning and other laws, and that the aggregate of such land and any other land in the same city previously sold under the authority of this paragraph to the city or a local public agency will be developed for predominantly residential use, and (2) the city or local public agency has agreed to pay the fair market value of the land as determined by the Administrator, after giving consideration, among other relevant information, to the cost to the Federal Government of acquiring the fee simple title and of holding the land pending sale (including estimated amounts to cover legal and overhead expenses of such acquisition and to cover interest costs to the Federal Government of moneys invested in the land pending sale). Any such negotiated sale of land to the city or a local public agency shall be made upon terms which require (1) that the city or public agency shall pay in cash at least one-third of the price of the land upon its conveyance and the entire price within one year after its conveyance and (2) that any portion of the entire price not paid upon such conveyance shall be represented by an indebtedness which shall bear interest on outstanding balances at a rate of 4 per centum per annum and which shall be secured by a first mortgage lien upon the land or such portion of the land as the Administrator deems adequate to protect the financial interest of the Federal Government. The Administrator may, at any time that he deems it to be in the public interest to do so, dispose, under authority of other provisions of this Act, of any land acquired by him pursuant to this paragraph. Any land acquired by the Administrator pursuant to this paragraph which has not been disposed of within five years after its acquisition shall be disposed of by him as expeditiously as possible in the public interest in accordance with other authority contained in this Act. Notwithstanding the provisions of section 306 of this Act or any other provisions of law, no payments in lieu of taxes shall be made for any tax year beginning subsequent to the date of the acquisition of title to the property by the Administrator."

"Home Loan Bank Board"

"SEC. 109. (a) The Federal Home Loan Bank Act, as amended, is hereby amended—

"(1) by striking the first sentence of section 6 (i) and inserting: 'Any member other than a Federal savings and loan association may withdraw from membership in a Federal Home Loan Bank six months after filing with the board written notice of intention so to do, and the board may, after hearing, remove any member from membership, or deprive any nonmember borrower of the privilege of obtaining further advances, if, in the opinion of the board, such member on nonmember borrower (i) has failed to comply with any provision of this act or regulation of the board made pursuant thereto; (ii) is insolvent: *Provided*, That any member of a bank which is a building and loan association, savings and loan association, cooperative bank, or homestead association shall be deemed insolvent if the assets of such member are less than its obligations to its creditors and others, including the holders of its withdrawable accounts; or (iii) has a management or home-financing policy of a character inconsistent with sound and economical home financing or with the purposes of this act;'

"(2) by striking the period at the end of section 7 (a) and inserting a colon and the following: '*Provided*, That the board may by regulation increase the number of elective directors of any Federal Home Loan Bank having a district which includes five or more States to a number not exceeding twice the number of States comprising such district, but such additional elective directors shall be apportioned as nearly as may be practicable in the same manner and order as is provided for the apportionment of elective directors under subsections (c) and (d) hereof: *Provided further*, That there shall be not less than one elective director from any of the States nor more than three elective directors from any of the States in any district referred to in the preceding proviso and in no event shall the total number of elective directors in any one district exceed 11. The term "States" as used in the preceding provisos shall mean the States of the Union and the District of Columbia;'

"(3) by inserting '(a)' after the section number in section 17 and adding at the end thereof a new subsection (b) as follows:

"(b) The Home Loan Bank Board which was, pursuant to Reorganization Plan Numbered 3 of 1947, established and made a constituent agency of the Housing and Home Finance Agency shall, from the effective date of the Housing Amendments of 1955, cease to be such a constituent agency and shall be an independent agency (including the Federal Savings and Loan Insurance Corporation) in the executive branch of the Government: *Provided*, That the functions vested in the Chairman of said board under clause (2) of the last sentence of subsection (b) of section 2 of said reorganization plan are hereby transferred to said board. Notwithstanding any other provision of law, said board, the Chairman thereof except as herein otherwise provided, and the Federal Savings and Loan Insurance Corporation, respectively, shall have and may exercise all functions which they respectively had or could exercise, immediately prior to the effective date of the Housing Amendments of 1955 or immediately prior to the effective date of the Independent Offices Appropriation Act, 1955. Said board, shall annually make a report of its operations (including those of the Federal Savings and Loan Insurance Corporation) to the Congress as soon as practicable after the first day of January in each year. The name of the Home Loan Bank Board is hereby changed to "Federal Home Loan Bank Board."

"(b) Subsection (e) of section 406 of the National Housing Act, as amended (12 U. S.

C. 1729 (e)). is hereby amended by striking the words 'Housing and Home Finance Administrator' and inserting in lieu thereof the word 'Congress.'

"Sec. 110. The Home Owners' Loan Act of 1933, as amended, is hereby amended by striking the proviso at the end of the second paragraph of section 5 (c) and inserting: 'Provided, That no such loan, unless so insured or guaranteed, shall be made in excess of \$2,500.'

"FSLIC admission fees

"Sec. 111. The National Housing Act, as amended, is hereby amended by striking section 403 (d) and inserting:

"(d) Any institution which applies after the effective date of the Housing Amendments of 1955 for insurance under this title shall pay, in the event its application is approved, an admission fee in such amount as the Corporation shall determine, taking into consideration the total cost of processing all insurance applications.'

"Community Facilities Administration

"Sec. 112. Section 702 of the Housing Act of 1954 is hereby amended to read as follows:

"SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain at all times a current and adequate reserve of planned public works the construction of which can rapidly be commenced, particularly when the national or local economic situation makes such action desirable, and (2) to help attain maximum economy and efficiency in the planning and construction of public works, the Administrator is hereby authorized to make advances to public agencies (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided*, That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned: *And provided further*, That advances outstanding to public agencies in any one State shall at no time exceed 10 per centum of the aggregate then authorized to be appropriated to the revolving fund established pursuant to subsection (e) of this section.

"(b) No advance shall be made hereunder with respect to any individual project unless it is planned to be constructed within a reasonable period of time, unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

"(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: *Provided*, That if the public agency undertakes to construct only a portion of a planned public work it shall repay such proportionate amount of the advances relating to the public work as the Administrator determines to be equitable: *And provided further*, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency.

"(d) The Administrator is authorized to prescribe rules and regulations to carry out the purpose of this section.

"(e) In order to provide moneys for advances in accordance with this section, the Administrator is hereby authorized to establish a revolving fund which shall comprise all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayments and other receipts in connection with advances made under this section. There are hereby authorized to be appropriated to such revolving fund, in addition to the amount authorized by this section as originally enacted, the further amounts of \$12,000,000 which may be made available to the revolving fund on or after July 1, 1956; \$12,000,000 which may be made available to such fund on or after July 1, 1957; \$14,000,000 which may be made available to such fund on or after July 1, 1958; and such additional sums which may be made available from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of \$48,000,000 in undisbursed balances in the revolving fund and in advances outstanding for plans in preparation or for completed plans with respect to projects which, in the determination of the Administrator, can be expected to be undertaken within a reasonable period of time.'

"SEC. 113. Effective upon the date of enactment of this Act the basic rate of compensation of the Community Facilities Commissioner of the Housing and Home Finance Agency shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency.

"TITLE II—PUBLIC FACILITY LOANS

"Declaration of policy

"SEC. 201. It has been the policy of the Congress to assist wherever possible the States and their political subdivisions to provide the services and facilities essential to the health and welfare of the people of the United States.

"The Congress finds that in many instances municipalities, or other political subdivisions of States, which seek to provide essential public works or facilities, are unable to raise the necessary funds at reasonable interest rates.

"It is the purpose of this title to authorize the extension of credit to assist in the provision of certain essential public works or facilities by States, municipalities, or other political subdivisions of States, where such credit is not otherwise available on reasonable terms and conditions.

"Federal loans

"SEC. 202. (a) The Housing and Home Finance Administrator, acting through the Community Facilities Administration, is authorized to purchase the securities and obligations of, or make loans to, States, municipalities, and other political subdivisions of States, public agencies, and instrumentalities of one or more States, municipalities, and political subdivisions of States, and public corporations, boards, and commissions established under the laws of any State, to finance specific public projects under State or municipal law. No such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses.

"(b) The powers granted in subsection (a) of this section shall be subject to the following restrictions and limitations:

"(1) No financial assistance shall be extended under this section unless the financial assistance applied for is not otherwise available on reasonable terms, and all securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such

loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations or otherwise.

"(2) No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of forty years.

"(c) In the processing of applications for financial assistance under this section the Administrator shall give priority to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas-distribution systems) for which there is an urgent and vital public need. As used in this section, a 'smaller municipality' means an incorporated or unincorporated town, or other political subdivision of a State, which had a population of less than ten thousand inhabitants at the time of the last Federal census.

"Financing

"SEC. 203. (a) In order to finance activities under this title, the Administrator is authorized and empowered to issue to the Secretary of the Treasury, from time to time and to have outstanding at any one time, in an amount not exceeding \$100,000,000, notes and other obligations. Such obligations shall be in such forms and denominations, have such maturities and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

"(b) Funds borrowed under this section and any proceeds shall constitute a revolving fund which may be used by the Administrator in the exercise of his functions under this title.

"General provisions

"SEC. 204. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsection (c) (2), of the Housing Act of 1950. Funds obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for the administrative expenses of the Administrator in connection with the performance of such functions.

"SEC. 205. No loans shall be made under section 108 of the Reconstruction Finance Corporation Liquidation Act (67 Stat. 230), as amended, after the date of enactment of this Act, except pursuant to an application for such loan filed prior to such date.

"TITLE III—COLLEGE HOUSING

"SEC. 301. Section 401 of title IV of the Housing Act of 1950, as amended, is hereby amended to read as follows:

"SEC. 401. (a) To assist educational institutions in providing housing and other educational facilities for students and faculties, the Administrator may make loans of funds to such institutions for the construction of such facilities: *Provided*, That (1) no such loan shall be made unless the educational institution shows that it is unable to secure the necessary funds for such construction from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title, and (2) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials.

"(b) Any educational institution which, prior to the date of enactment of this Act, has contracted for housing or other educational facilities may, in connection therewith, receive loans authorized under this title, as the Administrator may determine: *Provided*, That no such loan shall be made for any housing or other educational facilities, the construction of which was begun prior to the effective date of this Act, or completed prior to the filing of an application under this title.

"(c) A loan to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and with respect to loan contracts under which loan funds have not been fully disbursed prior to the date of enactment of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (1) $2\frac{3}{4}$ percentum per annum, or (2) the total of one-quarter of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in subsection (e) of this section.

"(d) To obtain funds for loans under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$500,000,000: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$100,000,000.

"(e) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) $2\frac{1}{2}$ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and

other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.

"(f) There are hereby authorized to be appropriated to the Administrator such sums as may be necessary, together with loan principal and interest payments made by educational institutions assisted hereunder, for payments on notes or other obligations issued by the Administrator under this section."

"SEC. 302. That subsection (c) of section 404 of title IV of the Housing Act of 1950, as amended, is hereby amended to read as follows:

"(c) 'Development cost' means costs of the construction of the housing or other educational facilities and the land on which it is located, including necessary site improvements to permit its use for housing or other educational facilities."

"SEC. 303. Section 404 of title IV of the Housing Act of 1950, as amended, is amended by—

"(1) strike out subsection (b) and inserting in lieu thereof the following:

"(b) 'Educational institution' means (1) any educational institution offering at least a 2-year program acceptable for full credit toward a baccalaureate degree, including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual, and (2) any corporation (no part of the net earnings of which inures to the benefit of any private shareholder or individual) (A) established by any institution included in clause (1) of this subsection for the sole purpose of providing housing or other educational facilities for students or students and faculty of such institution without regard to their membership in or affiliation with any social, fraternal, or honorary society or organization, and (B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan secured under this title will pass to such institution; and

"(2) adding at the end thereof the following new subsection:

"(h) 'Other educational facilities' means (1) new structures suitable for use as cafeterias or dining halls, student centers or student unions, infirmaries, or other inpatient or outpatient health facilities, and for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses."

"SEC. 304. This title may be cited as the 'College Housing Amendments of 1955'.

"TITLE IV—ARMED SERVICES HOUSING MORTGAGE INSURANCE

"SEC. 401. Title VIII of the National Housing Act, as amended, is hereby amended to read as follows:

"Title VIII—Armed services housing mortgage insurance

"SEC. 801. As used in this title—

"(a) The term 'mortgage' means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease for a period of not less than fifty years to run from the date the mortgage was executed; and the term 'first mortgage' means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

"(b) The term 'mortgagee' includes the original lender under a mortgage, and his

successors and assigns approved by the Commissioner; and the term 'mortgagor' includes the original borrower under a mortgage, his successors and assigns.

"(c) The term 'maturity date' means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

"(d) The term 'housing accommodations' means housing designed for occupancy by military personnel and their dependents, assigned to duty at or near the military installation where such housing units are constructed.

"(e) The term 'personnel' shall include military and civilian personnel approved by the Secretary of Defense, or his designee, and the dependents of all such personnel.

"(f) The term 'military' includes Army, Navy, Marine Corps, Air Force, and Coast Guard.

"(g) The term 'State' includes the several States and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

"SEC. 802. The Military Housing Insurance Fund created by this section prior to amendment thereto shall hereafter be known as the Armed Services Housing Mortgage Insurance Fund. General expenses of operation of the Federal Housing Administration under this title (including operations with respect to mortgages insured or to be insured pursuant to this title prior to enactment of the Housing Amendments of 1955) may be charged to the Armed Services Housing Mortgage Insurance Fund.

"SEC. 803. (a) In order to assist in relieving the acute shortage and urgent need for family housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of necessary family housing accommodations for personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed \$1,363,500,000: *And provided further*, That the limitation in section 217 of this Act shall not apply to this title: *And provided further*, That no mortgage shall be insured under this title after September 30, 1956, except pursuant to a commitment to insure issued before such date.

"(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

"(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to capital structure, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed \$100 stock or interest in, any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Armed Services Housing Mortgage Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

"(2) The mortgaged property shall be designed for use for residential purposes by personnel of the armed services and situated at or near a military installation, and the Secretary or his designee shall have certified that there is no intention, so far as can reasonably be foreseen, to substantially curtail the personnel assigned or to be assigned to

such installation, and (1) shall have determined that for reasons of safety, security, or other essential military requirements, it is necessary that the personnel involved reside in public quarters (*Provided, however, That for the purposes of this subsection housing covered by a mortgage insured, or for which a commitment to insure has been issued, under section 803 prior to the enactment of the "Housing Amendments of 1955" may be considered the same as available quarters*), or (ii) after consultation with the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense, or his designee, shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund from loss with respect to the mortgage covering such housing. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guarantee.

"(3) The mortgage shall involve a principal obligation in an amount—

"(A) not to exceed the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the cost of the property or project as such term is used in this paragraph may include the cost of the land, the physical improvements, and utilities within the boundaries of the property or project);

"(B) not to exceed an average of \$13,500 per family unit for such part of such property or project as may be attributable to dwelling use: *Provided, That the replacement cost of the property or project as determined by the Commissioner, including the estimated value of any usable utilities within the boundaries of the property or project where owned by the United States and not provided for out of the proceeds of the mortgage, shall not exceed an average of \$13,500 per family unit; and*

"(C) not to exceed the bid of the eligible builder of the property or project under section 403 of the Housing Amendments of 1955.

The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe, have a maturity not to exceed twenty-five years, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum of the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

"(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1½ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title

at par plus accrued interest, in such manner as may be prescribed by the Commissioner: *Provided, That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Commissioner may require, that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. The Commissioner may reduce the payment of premiums provided for herein.*

"(d) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this title shall be considered a default under such mortgage, and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Commissioner, within a period and in accordance with rules and regulations to be prescribed by the Commissioner of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery, the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided for in subsection (e) of this section, issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default; less the sum of (i) any amount received on account of the mortgage after such date; and (ii) any net income received by the mortgagee from the property after such date.

"(e) Debentures issued under this title shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury,

and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the Armed Services Housing Mortgage Insurance Fund.

"(f) Debentures issued under this title shall be executed in the name of the Armed Services Housing Mortgage Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date of default as determined in accordance with subsection (d) of this section, and shall bear interest from such date at a rate determined by the Commissioner with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States or by the District of Columbia, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Armed Services Housing Mortgage Insurance Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the Armed Services Housing Mortgage Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"(g) The certificate of claim issued by the Commissioner to any mortgagee in connection with the insurance of mortgages under this title shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this act, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Commissioner and credited to the Armed Services Housing Mortgage Insurance Fund.

"(h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property (1) all references in such sections to the "Housing Fund" shall be construed to refer to the "Armed Services Housing Mortgage Insurance Fund," and (2) the reference in section 207 (k) to "subsection (g)" shall be construed to refer to "subsection (d)" of this section.

"(i) The Commissioner shall also have power to insure under this title or title II any mortgage executed in connection with the sale by him of any property acquired under this title without regard to any limit as to eligibility, time, or aggregate amount contained in this title or title II.

"(j) Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud

or misrepresentation on the part of such approved mortgagee.

"SEC. 804. (a) Moneys in the Armed Services Housing Mortgage Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of the Armed Services Housing Mortgage Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"(b) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage insured under this title, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Armed Services Housing Mortgage Insurance Fund, shall be credited to the Armed Services Housing Mortgage Insurance Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this title, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this title, shall be charged to the Armed Services Housing Mortgage Insurance Fund.

"SEC. 805. Whenever the Secretary of the Army, Navy, or Air Force determines that it is necessary to lease any land held by the United States on or near a military installation to effectuate the purposes of this title, he may lease such land upon such terms and conditions as will, in his opinion, best serve the national interest. The authority conferred by this section shall be in addition to and not in derogation of any other power or authority of the Secretary of the Army, Navy, or Air Force.

"SEC. 806. The second sentence of section 214 of the National Housing Act, as amended, relating to housing in the Territory of Alaska, shall not apply to mortgages insured under this title on property in said Territory.

"SEC. 807. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Armed Services Housing for Mortgage Insurance, and provide the Special Assistant with adequate staff, whose whole responsibility will be to expedite operations under this title and to eliminate administrative obstacles to the full utilization of this title under the direction and supervision of the Commissioner.

"SEC. 808. The cost certification required under section 227 of this act shall not be required with respect to mortgages insured under the provisions of this title as amended by the Housing Amendments of 1955."

"SEC. 402. Section 305 of the National Housing Act, as amended, is amended by adding the following at the end thereof:

"(f) Notwithstanding any other provision of this act, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any mortgage (or participation therein) which is insured under title VIII of this Act, as amended by the Housing Amendments of 1955: *Provided*,

That the total amount of purchases and commitments authorized by this subsection shall not exceed \$200 million outstanding at any one time."

"SEC. 403. (a) The Secretary of Defense or his designee is hereby authorized to enter into contracts with any eligible builder to provide for the construction of urgently needed housing on lands owned or leased by the United States and situated on or near a military reservation or installation for the purpose of providing suitable living accommodations for military personnel of the armed services assigned to duty at the military installation at or in the area where the housing is situated. Any such contract shall provide that each housing unit in the project shall be placed under the control of the Secretary of Defense, or his designee, as soon as the unit is available for occupancy as determined by the Commissioner. Any such contract shall also provide that, except for stock held by the Commissioner, the capital stock of the builder (where the builder is a corporation) be transferred to the Secretary of Defense, or his designee, when the housing has been completed as determined by the Commissioner. Any such contract shall contain such terms and conditions as the Secretary may determine to be necessary to protect the interests of the United States. Before the Secretary shall enter into any contract with any builder as authorized by this section for the construction of housing, he shall invite the submission of competitive bids after advertising in the manner prescribed in section 3 of the Armed Services Procurement Act of 1947.

"(b) For the purposes of this title, the term 'eligible builder' means a person, partnership, firm, or corporation determined by the Secretary after consultation with the Commissioner (1) to be qualified by experience and financial responsibility to construct housing of the type described in subsection (a) of this section, and (2) to have submitted the lowest acceptable bid.

"(c) Notwithstanding any other provision of law, the Secretary of Defense or his designee is authorized to acquire the capital stock of mortgagors holding property covered by a mortgage insured under title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, and to exercise the rights as holder of such capital stock during the life of such mortgage and, upon the termination of the mortgage, to dissolve the corporation; to guarantee the payment of notes or other legal instruments required by the Commissioner of such mortgagors; to make payments thereon; and to guarantee and indemnify the Armed Services Mortgage Insurance Fund against loss in cases where so required. All housing facilities placed under the control of the Secretary of Defense pursuant to the provisions of this title shall be deemed to be housing facilities under the jurisdiction of the military department to which they are assigned.

"SEC. 404. Whenever the Secretary of Defense or his designee shall deem it necessary for the purposes of this title, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any unimproved land, or (with the approval of the Federal Housing Commission) any housing financed with mortgages insured under the provisions of title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955. Notwithstanding the provisions of any other law, the price paid for any such unimproved land or housing purchased by the Secretary under this or any other law shall be the fair market value of such land or housing as determined by the Secretary on the basis of an independent

appraisal, and, in connection with any agreements to purchase such housing, the Secretary of Defense or his designee may assume, or purchase subject to, any such mortgage. Any such condemnation proceedings shall be conducted in accordance with the provisions of the act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the Secretary, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the courts, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

"SEC. 405. The Secretary of Defense or his designee is authorized to maintain and operate any housing acquired under this title and assign quarters therein to military and civilian personnel and their dependents. Appropriations for quarters allowances or appropriate allotments, and rental charges to civilian personnel, may be utilized by the military department concerned for the payment of principal, interest, and other obligations, except those of maintenance and operation, of the mortgagor corporation with respect to such housing projects. Such payments shall not exceed an average of \$90 a month per housing unit and total payments for all housing so acquired shall not exceed \$9,000,000 per month: *Provided*, That, in case of the United States Coast Guard, total payments for all housing so acquired shall not exceed \$90,000 per month.

"SEC. 406. Whenever the Secretary of Defense or his designee determines that it is desirable in order to effectuate the purposes of this title, the Secretary is authorized, without regard to the civil service and classification laws, to procure, by negotiation or otherwise, the services of architects and engineers, or organizations thereof, under such arrangements as he deems desirable, but at an expense not in excess of that permissible under the schedule of fees allowed from time to time by the Public Housing Administration in connection with projects assisted under the United States Housing Act of 1937, as amended. Such services may include the development of plans, drawings, and specifications for family housing under this title and other services in connection therewith: *Provided*, That such plans, drawings, and specifications may include the use on any project to be constructed under this title of alternate materials or alternate types of construction, including prefabrication, that provide substantially equal value and conform to standards established by the Federal Housing Commissioner: *Provided further*, That the Secretary may designate certain sites or parts thereof for family housing to be furnished from prefabricated houses or housing components. Such arrangements

may include provision for advance or progress payments, for payment by third parties, for payment by the Government of any such compensation as is not paid for by third parties, and shall include provision for reimbursement by third parties to the Government of any compensation or other expenses paid by the Government pursuant to this section, and may include other provisions for compensation. Any public-works appropriations now or hereafter available to the Departments of the Army, Navy, or Air Force or the Coast Guard may be obligated by the respective departments or the Coast Guard for these purposes. Reimbursements to the Government on account of payments made pursuant to this section shall be made to appropriations against which such payments were charged. The Secretary is further authorized to advance or pay to the Federal Housing Administration its 'Appraisal and Eligibility Statement' fees in connection with such family housing. The Secretary is further authorized to enter into arrangements by contract or otherwise for eventual acquisition by the Government, without cost to the Government, of all right, title, and interest in sites on which housing is constructed pursuant to this title and improvements thereon.

"Sec. 407. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of sections 403 through 406 of this Act.

"(b) Any funds heretofore or hereafter authorized to be expended by any of the military departments or the Coast Guard for the payment of allowances for quarters for military personnel may be used for the purposes specified in subsection (a) above.

"Sec. 408. Notwithstanding the provisions of section 401 of this Act, the provisions of title VIII of the National Housing Act in effect prior to the enactment of the Housing Amendments of 1955 shall continue in full force and effect with respect to all mortgages insured pursuant to a certification by the Secretary of Defense or his designee made on or before June 30, 1955, and a commitment to insure issued on or before June 30, 1956, or pursuant to a certification by the Atomic Energy Commission or its designee made on or before June 30, 1956, except that the maximum dollar amount for each such mortgage shall be \$12,500,000.

"Sec. 409. (a) Wherever the terms 'Secretary of Defense' or 'Secretary' or 'Secretary of the Army, Navy, or Air Force' appear in this title or in title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, they shall be deemed to mean the Secretary of the Treasury in the case of the application of the provisions of this title or of title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, for the benefit of the United States Coast Guard.

"(b) Wherever the term 'armed services' appears in this title it shall be deemed to include the United States Coast Guard.

"TITLE V—FARM HOUSING

"Sec. 501. Title V of the Housing Act of 1949, as amended, is hereby further amended as follows:

"(1) In the first sentence of section 511 immediately following the phrase 'July 1, 1953' strike out the word 'and' and insert at the end of the sentence immediately before the period a comma and the following: 'and an additional \$100,000,000 on and after July 1, 1955'.

"(2) In section 512, (A) strike out 'and 1954' and insert '1954, and 1955', and (B) strike out 'and \$2,000,000' and insert '\$2,000,000 and \$2,000,000'.

"(3) In section 513, strike out 'and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, and 1954' and insert '\$10,000,000, and \$10,000,000 on July 1 of each

of the years 1950, 1951, 1952, 1953, 1954, and 1955'."

And the House agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,

Managers on the Part of the House.

JOHN SPARKMAN,
J. W. FULBRIGHT,
PAUL H. DOUGLAS,
HOMER E. CAPEHART,
I. M. IVES,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. The following is a section-by-section explanation of the substitute agreed to in conference.

SECTION 1. SHORT TITLE

This section provides that the Act may be cited as the "Housing Amendments of 1955."

Title I—General housing amendments

Section 101. Extension of Title I—FHA Home-Improvement Program

This section would amend section 2 of the National Housing Act to extend the FHA title I home repair, modernization, and improvement program from August 1, 1955, to September 30, 1956.

Section 102. Title—Mortgage Insurance

Subsection (a) would amend section 204 (f) of the National Housing Act to authorize FHA to make final settlement of certificates of claim held by mortgagees and refunds to mortgagors at any time after the sale or transfer of title by FHA on sales housing acquired by FHA in cases of defaulted mortgages.

Subsection (b) would amend section 207 of the National Housing Act (the section relating to the regular FHA rental housing program) to enable FHA to insure mortgages on trailer courts or trailer parks. Such mortgages could not exceed \$1,000 per trailer space or \$300,000 per mortgage. This mortgage insurance would not relate to the mobile homes, but to the land, utilities, and other improvements where the mobile homes are to be located. The requirement of the National Housing Act that the project covered by the mortgage be "economically sound" would apply to an insured mortgage on a trailer park, and it is expected that FHA will impose such additional requirements and standards as necessary to assure that mortgage insurance for these parks will improve the living conditions of the occupants of mobile homes.

Subsection (b) would also amend section 207 of the National Housing Act to specifically authorize FHA to insure mortgages on rental properties having eight or more family units. By administrative limitation, properties insured under that section must now have 12 or more family units.

Subsection (c) would revise the present dollar amount limitations in the National

Housing Act for FHA insured mortgages financing multifamily projects. The present \$5 million limitation would be increased to \$12.5 million for projects with private sponsorship under the regular section 207 rental housing program, the section 213 cooperative housing program, the section 221 program for housing for families displaced from slum clearance or urban renewal areas or as a result of Government action, and the section 220 program for the construction or rehabilitation of housing in slum clearance or urban renewal areas. This dollar limitation is applicable only to each insured mortgage as more fully explained on pages 8, 9, and 10 of the report of the House Committee on Banking and Currency on S. 2126 with respect to section 102 (b) of the bill as reported by that Committee.

Subsection (d) would amend section 213 (b) (2) of the National Housing Act to provide that the basis for determining the maximum amount of a mortgage financing cooperative housing which can be insured by FHA under section 213 would be estimated "replacement cost" of the project instead of "estimated value" as is presently required.

Subsection (e) would amend section 213 (d) of the National Housing Act to provide specifically that mortgage insurance can be provided by FHA under the multifamily provisions of section 213 for structures consisting of eight or more family units.

Subsection (f) would amend section 217 of the National Housing Act (the FHA general mortgage insurance authorization) to authorize FHA mortgage insurance up to the aggregate of outstanding insurance liability and commitments on June 30, 1955, plus \$4 billion.

Subsection (g) would amend section 220 (d) (3) of the National Housing Act to provide that the maximum amount of a mortgage to be insured under section 220 of the National Housing Act may be determined on the basis of estimated "replacement cost" rather than "estimated value" as required by the present provisions of section 220. However, mortgages financing rehabilitation of housing would be excluded from the change made by this amendment. Section 220 provides for the insurance of mortgages financing the construction or rehabilitation of housing in slum clearance or urban renewal areas.

Subsection (h) provides that the Federal Housing Commissioner shall appoint a Special Assistant for Cooperative Housing and provide the Special Assistant with adequate staff, whose sole responsibility would be to expedite operations of the FHA under section 213 of the National Housing Act for the provision of mortgage insurance for cooperative housing.

Subsection (i) would amend section 227 of the National Housing Act to remove a requirement presently in that section that cost certifications shall be provided by builders of single-family homes with mortgages insured under section 221 of the Act.

Section 221 of the National Housing Act would be amended by subsection (j) to permit the housing assisted under that section to be available for families living in an urban renewal area even though such families are not required by governmental action to leave the area. Section 221 provides FHA mortgage insurance for low-cost housing for families displaced by slum clearance or urban renewal activities or by other governmental action.

Subsection (k) would amend section 223 of the National Housing Act to permit cooperative housing groups to finance the purchase of Government-owned housing being disposed of under other provisions of law with the assistance of mortgages insured under the section 213 cooperative housing

mortgage insurance provisions of the National Housing Act.

Section 103. Federal National Mortgage Association

This section would authorize the Federal National Mortgage Association to enter into advance commitments totaling not more than \$50 million outstanding at any one time to purchase cooperative housing mortgages insured by the Federal Housing Administration under section 213 of the National Housing Act. Not more than \$5 million of the authorization provided could be used for commitments in any one State.

Section 104. Settlement of Claims

This section would amend section 604 (f) of the National Housing Act to authorize FHA to make final settlement of certificates of claim held by mortgagees and refunds to mortgagors at any time after the sale or transfer of title by FHA on sales housing acquired by FHA in cases of defaulted mortgages insured under section 603.

Section 105. Defense Housing and Community Facilities

All authority to insure mortgages under title IX of the National Housing Act (which relates to defense housing) expired August 1, 1955. Section 105 of the conference substitute would authorize the granting of such insurance pursuant to a commitment issued before August 1, 1955, for a project designated by the President under section 104 of the Defense Housing and Community Facilities and Services Act of 1951.

Section 106. Slum Clearance and Urban Renewal

Subsection (a) would increase the authorization in title I of the Housing Act of 1949 for capital grants for slum clearance and urban renewal by an additional \$200 million to be made available on July 1, 1955, and another \$200 million to be made available on July 1, 1956. Also, the President would be authorized to increase the authorization at any time or times by an additional \$100 million.

Under section 106 (e) of the Housing Act of 1949, not more than 10 percent of the capital grants authorized under title I of the Housing Act of 1949, as amended, may be expended in any one State, except that an additional \$35 million (subject always to the limitation on the total authorization) of capital grants may be allocated to local public agencies in States in which more than two-thirds of the maximum capital grants permitted in those States has been obligated. Subsection (b) of this section would increase the \$35 million authorization to \$70 million.

Subsection (c) would add a provision to section 110 (c) of the Housing Act of 1949 which would authorize loans and advances to be made under the slum clearance and urban renewal program to assist in the redevelopment of either predominantly open land or open land for industrial or other nonresidential uses. The local governing body would be required to determine that such redevelopment is necessary and appropriate. The loans and outstanding advances to any local public agency for this purpose would not be permitted to exceed 2½ percent of the estimated gross project costs of all the other urban renewal or redevelopment projects undertaken by that agency.

Section 107. Urban Renewal in Territories

This section is a technical amendment to permit Territories to take full advantage of the provisions of title I of the Housing Act of 1949, making financial assistance available for urban renewal projects. The Territorial Enabling Act of 1950 authorized the governments of the Territories to enact laws which would authorize municipalities or public authorities in those Territories to carry out slum-clearance and redevelopment

projects which would be eligible for financial assistance under title I of the Housing Act of 1949. However, the Housing Act of 1954 added provisions to the Housing Act of 1949 to authorize Federal aid to urban renewal, which includes aid not only for land acquisition and clearance for redevelopment as previously provided, but also aid to help in preventing the spread of slums and blight through rehabilitation and conservation measures. This section would broaden the authority of the Territories in this respect to cover the broader urban renewal activities.

Section 108. Public Housing

Subsection (a) would terminate the requirement that before a contract for annual contributions to a public housing project can be entered into by the Public Housing Administration the community must have a workable program for the prevention and elimination of slums and blight in the locality.

Subsection (b) would rewrite subsection 10 (i) of the United States Housing Act to authorize new contracts for loans and annual contributions for not more than 45,000 additional dwelling units. This authorization would expire July 31, 1956. Eliminated are the restrictions in the former subsection 10 (i) requiring as a condition to any new contract that a title I slum clearance and urban redevelopment or urban renewal project is being carried out in the community, that the local governing body certify that the housing is needed to assist in meeting the relocation requirements of title I, and that the Housing and Home Finance Administrator determine that the number of units does not exceed the number needed to house families relocated by governmental action.

Subsection (c) would authorize the Housing and Home Finance Administrator to sell at fair market value a war housing project known as Welles Village, in the town of Glastonbury, Conn., to the housing authority of that town, subject to the approval of the legislative body of the town, for use as moderate rental housing. Full payment would be required within 30 years with interest at not to exceed 5 percent.

Subsection (d) would amend section 605 (a) of the Lanham Act to authorize the Housing and Home Finance Administrator to acquire (where certain conditions exist) by condemnation a fee title to certain lands in Richmond, Calif., in which the Administrator now holds a less than fee simple interest for use in the war housing and veterans' housing programs. The Administrator would also be authorized, at the request of the city, to sell such land at fair market value to the city or to the local redevelopment agency upon payment of one-third of the sales price at the time of conveyance and the balance at 4-percent interest. No payments in lieu of taxes could be made with respect to the land during the time title is held by the Administrator.

Section 109. Home Loan Bank Board

This section would amend section 6 (i) of the Federal Home Loan Bank Act to provide that any member institution may be removed from membership if in the judgment of the Home Loan Bank Board it is insolvent or the character of such institution's management or its home-financing policy is inconsistent with sound and economical home financing or with the purpose of that act. A member institution (which is a savings and loan or building and loan type) would be deemed insolvent if its assets are less than its obligations to its creditors and others, including the holders of its withdrawable accounts.

The present law provides that no institution shall be eligible to become a member of a bank if in the judgment of the Home Loan Bank Board its financial condition is such that advances may not safely be made to it or if the character of its management

and home financing policy is inconsistent with sound and economical home financing or with the provisions of the act. There is, however, no provision for removal of a member institution for these grounds once the institution becomes a member of the Federal home loan bank system. The bill would correct this situation.

The section also expressly provides that a Federal savings and loan association may not voluntarily withdraw from membership. These institutions are required by law to become members of a Federal home loan bank. The present law requiring these institutions to be insured does not permit them to voluntarily cancel insurance of accounts by the Federal Savings and Loan Insurance Corporation.

The section would permit the Home Loan Bank Board, in any district in which there are more than four States to increase the directorate so that there could be as many as, but not more than, twice as many elective directors as there are States. However, there shall be not less than 1 elective director from any State nor more than 3 elective directors from any State in any such district and in no event shall the total number of elective directors in any one district exceed 11.

The section would remove the Home Loan Bank Board, including the Federal Savings and Loan Insurance Corporation, from the Housing and Home Finance Agency and establish the Board as a separate independent agency in the executive branch of the Government. The name of the Board would be changed to the Federal Home Loan Bank Board.

Section 110. Removal of \$2,500 Limitation on FHA and VA Improvement Loans by Federals

This section would make a correction in the existing law to remove the specific dollar limitation as applied to the amount of an FHA or VA insured or guaranteed loan made by a Federal savings and loan association.

Section 111. FSLIC Admission Fee

This section would provide that lending institutions applying for insurance by the Federal Savings and Loan Insurance Corporation hereafter shall pay an admission fee as determined by FSLIC, taking into consideration the cost of processing the applications.

Section 112. Reserve of Planned Public Works

This section would amend section 702 of the Housing Act of 1954, which authorized the third public works advance planning program, to make the following changes:

(1) The Housing and Home Finance Administrator would be authorized to establish a revolving fund for the making of planning advances. In addition to the \$10 million authorized to be appropriated by section 702 as originally enacted there would be authorized to be appropriated to the fund \$12 million, \$12 million, and \$14 million to be made available on or after July 1, 1956, 1957, and 1958 and, in addition, such appropriations from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of \$48 million in outstanding advances (and any undisbursed balances in the fund) for plans of projects which can be expected to be undertaken within a reasonable period of time.

(2) Advances outstanding to public agencies in any one State would be limited to not more than 10 percent of the aggregate then authorized to be appropriated to the revolving fund. (Under the present law not more than 5 percent of appropriations may be expended in any one State.)

(3) The July 1, 1957, expiration date for the present program would be eliminated.

(4) Provisions would be added to the law which would require a public agency to repay only proportionate amounts of advances when only a portion of the construction of a

planned public work is undertaken by the local public agency.

Section 113. Salary of Community Facilities Commissioner

This section would make the salary of the Community Facilities Commissioner of the Housing and Home Finance Agency the same as that of the heads of the constituent agencies.

Title II. Public facility loans

Section 201. Public Facility Loans—Declaration of Policy

This section states that it has been the policy of Congress to assist States and their political subdivisions to provide the services and facilities essential to the health and welfare of the people of the United States. It states further that the purpose of title II is to authorize the extension of credit to assist in the provision of certain essential public works where such credit is not otherwise available on reasonable terms and conditions.

Section 202. Federal Loans for Public Facilities

Subsection (a) of this section would authorize the Housing and Home Finance Administrator, acting through the Community Facilities Administration, to make loans to States, municipalities, and other public agencies and instrumentalities of one or more States to finance specific public projects under State or municipal law.

Subsection (b) would provide that no loans shall be extended unless the financial assistance applied for is not otherwise available on reasonable terms, the loans shall be so secured as reasonably to assure retirement or repayment, and loans may be made either directly or in cooperation with banks or other lending institutions. The maturity dates of the loans could not exceed 40 years.

Subsection (c) would provide that priority shall be given to applications for loans of smaller communities (municipalities of less than 10,000 population) for assistance in the construction of basic public works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems.

Section 203. Financing of Loans

To provide funds for public facility loans the Housing and Home Finance Administrator would be authorized by this section to borrow from the Treasury and have outstanding at any one time up to \$100 million in obligations to the Treasury. Obligations to the Treasury would bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable United States obligations of comparable maturities.

Subsection (b) would provide that funds borrowed from the Treasury and any proceeds from the funds shall constitute a revolving fund to carry out the purposes of title II.

Section 204. General Provisions

This section would provide powers to the Administrator for carrying out the purposes of title II and that funds obtained or held by the Administrator under this title shall be available for the administrative expenses of carrying out the functions under the title.

Title II would be made applicable to the States, the District of Columbia, Puerto Rico, and the Territories and possessions of the United States.

Section 205. Termination of Authority to Make Loans Under the Reconstruction Finance Corporation Liquidation Act

This section would provide that no loans shall be made under section 108 of the Reconstruction Finance Corporation Liquidation Act, as amended, after the date of enactment of the Housing Amendments of 1955, except pursuant to an application for a public facility loan filed prior to such date.

Title III—College housing

Section 301. Broadening and Liberalizing of College Housing Loan Program

This section would amend section 401 of the Housing Act of 1950 to broaden the purposes for which college housing loans could be made, and to authorize such loans to be made on more liberal terms.

Under the amended subsection (a) the Administrator would be authorized to make loans not only for housing but also for other educational facilities. The revised subsection would also provide that an eligible loan may be made unless funds can be obtained by the educational institution upon terms equally as favorable as the terms of the Government loan. Under the present provisions of this subsection, loans are not made unless the educational institution shows that it is unable to secure the necessary funds from other sources upon terms and conditions generally comparable to the terms and conditions applied to the Government loans.

Subsection (b), as amended, would provide that no loan could be made where construction of the housing or other educational facilities had been completed prior to the filing of an application under this title.

Subsection (c), as amended, would increase the maximum terms of the loans from 40 years to 50 years, and lower the interest rate charge to the institutions. The lower interest rate would apply with respect to all loan contracts (including existing contracts) under the title where the loan funds have not been fully disbursed prior to the date of enactment of the bill.

Subsection (d), as amended, would provide for an increase from \$300 million to \$500 million in the total amount of obligations which can be issued to the Treasury and outstanding at any one time to provide funds for loans. Not more than \$100 million of these obligations can be used for other educational facilities.

Subsection (e) would reduce the rate paid by the agency on borrowings from the Treasury to provide funds for loans.

Sections 302 and 303. Definitions

Section 302 would amend section 404 (c) of the Housing Act of 1950, to include other educational facilities in the definition of "development cost" provided in that subsection.

Section 303 would redefine the term "educational institution" to specifically include junior colleges, and to include nonprofit corporations established by a college for the sole purpose of providing housing or other educational facilities for the students or faculty. It would also define "other educational facilities" to include cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, and other essential service facilities.

Section 304. Short Title

This section provides that title III may be cited as the College Housing Amendments of 1955.

Title IV—Military housing

Section 401. Amendments to Wherry Act

This section would extend until September 30, 1956, the life of the FHA title VIII (Wherry Act) military housing program, and would amend title VIII in the following major respects:

(1) An insurance authorization of \$1,363,500,000 would be established for this program, in addition to the general FHA insurance authorization.

(2) Insurance would be issued for units which the Secretary of Defense determines are needed to meet essential military requirements, or for personnel for whom adequate housing is not available at reasonable rentals within reasonable commuting distance of a military installation. If the Federal Housing Commissioner does not concur in the Secretary's determination, he may require the

Secretary to guarantee the insurance fund against loss on the mortgage in question.

(3) The amount of the insured mortgage may not exceed the FHA estimate of replacement cost, including the cost of land, physical improvements, and onsite utilities; and it may not exceed an average of \$13,500 per family unit for the part of the project attributable to dwelling use; and it may not exceed the lowest acceptable bid submitted by a qualified builder, as determined by the Secretary of Defense after consulting FHA. Also, the replacement cost of the property (including the estimated value of any usable utilities within the boundaries of the property where owned by the United States and not provided for out of the proceeds of the mortgage) shall not exceed \$13,500 per unit.

(4) The mortgage must mature in not more than 25 years, and bear interest at not more than 4%.

(5) The cost certification provisions of section 227 of the National Housing Act would not apply to this program.

(6) The program would be extended to include the Coast Guard as well as the military departments.

Section 402. Purchases by FNMA

This section would authorize the Federal National Mortgage Association to make commitments to purchase, and to purchase, service, and sell, mortgages insured under the new military housing program, but the total amount of purchases and commitments outstanding at any one time could not exceed \$200 million.

Section 403. Contracts for Construction of Housing

Section 403 (a) authorizes the Secretary of Defense to enter into contracts with any eligible builder for the construction of housing on Government land at or near a military installation, after competitive bidding in accordance with the Armed Services Procurement Act of 1947. Under the contract, the housing will be placed under the control of the Secretary of Defense as it becomes available for occupancy, and the capital stock of the builder corporation will be transferred without cost to the Secretary.

Section 403 (b) defines "eligible builder."

Section 403 (c) authorizes the Secretary to acquire the capital stock of the mortgagor corporation and to exercise rights under the stock until the mortgage terminates, when the corporation will be dissolved. It also authorizes the Secretary to guarantee payment of the legal instruments which FHA requires of the mortgagor, and to guarantee the FHA insurance fund against loss, where such a guarantee is required.

Section 404. Acquisition of Land and Wherry Act Housing

This section authorizes the Secretary of Defense to acquire unimproved land and, with FHA approval, existing Wherry housing, for purposes of the military housing program, through purchase or other transfer or through condemnation proceedings, and contains provisions to protect the interests of the owners in condemnation cases.

Section 405. Assignment of Quarters; Payments on Mortgage

This section authorizes the Secretary of Defense to maintain and operate housing acquired under the program and assign quarters in such housing to military and civilian personnel. The military department concerned may use appropriations for quarters allowances or appropriate allotments, and rental charges to civilian personnel to pay the obligations of the mortgagor with respect to the housing. Such payments shall not exceed an average of \$90 a month per housing unit, and shall not total more than \$9 million per month, nor more than \$90,000 per month for housing for the Coast Guard. Maintenance and operation expenses would not be paid in this manner, but would be paid out of funds appropriated for the purpose.

MISCELLANEOUS PROVISIONS

Section 406 provides for procurement of services of architects and engineers; section 407 authorizes necessary appropriations; section 408 contains savings provisions necessary to complete operations (including operations with respect to projects certified by the Atomic Energy Commission prior to July 1, 1956) under the existing Wherry Act; and section 409 contains provisions necessary to permit inclusion of the Coast Guard in the program.

Title V. Farm housing

Section 501. Farm Housing

This section would provide the following additional authorization for farm housing under title V of the Housing Act of 1949, as amended, to be available on or after July 1, 1955: (1) \$100 million in the amount of loan funds which can be obtained from the Treasury; (2) \$2 million per annum in the amount of annual contribution commitments for housing on potentially adequate farms; and (3) \$10 million in the amount of appropriations authorized for loans and grants for improvements and repairs of farm dwellings and other buildings, and loans for the enlargement and development of farms.

Title V of the 1949 act authorizes the Secretary of Agriculture to make (1) long-term loans to farmers having adequate farms who are nevertheless unable to obtain private credit on reasonable terms; (2) similar loans supplemented by modest contributions for 5 years, where the farmer is unable to undertake to repay the loan in full and the farm is not adequate but capable of being improved to the point where it is self-sustaining; and (3) modest loans and grants to help farm families on very poor farms to undertake minor improvements or minimum repairs to farm dwellings where necessary to remove hazards to the health or safety of the occupants, and modest loans for enlargement and development of farms.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,

Managers on the Part of the House.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

Mr. SPENCE. Mr. Speaker, I yield myself 8 minutes.

Mr. Speaker, I know there is general recognition of the fact that we need housing. This is a bill that is designed to produce that result. If you vote this conference report down the chances are you are going to have no housing with any Government support.

In this bill there is title I, which provides insurance, improvements, and repairs to property. One of the most effective ways of securing additional housing is to keep the old houses in repair. We see an illustration of that in our neighboring city of Georgetown. Many of those houses there are 100 years old or more. They are still habitable and in good condition. We need that provision because it will stimulate people to keep their homes in repair and make them adequate to the needs of their families.

We have in this bill the FHA, insurance of mortgage loans, which has stimulated the building of homes. I think it is essential to continue that. There are provisions to aid in the building of college housing. The colleges all testify to their need of help in that respect. The very foundation and strength of our free government lie in the intelligence and knowledge of the people. We must see that our colleges are maintained in order that the mental development of our citizens may be commensurate with their potentialities in the gaining of information and in the development of judgment. These powers are essential to a people who are charged with the exercise of the duties of citizenship.

One of the greatest needs of this country today is military housing. We ask the young men or young women to volunteer in the armed services of their country. The manner in which we sometimes house them is a disgrace. Adequate housing would attract additional volunteers. Without the provisions of this bill, it would be impossible to have decent housing.

Everybody agrees that the military housing is in a deplorable state. Those who are in control of our Armed Forces realize that, and they have earnestly urged the passage of the provisions that are in this conference report. They say without them they cannot obtain adequate housing for the men and women who have volunteered to defend our country.

Then there is the farm housing. This provides for insurance of farm housing. We know that the rural sections need improved housing, additional housing, housing that is compatible with the dignity and the decency of the American citizen wherever he resides.

We have in this bill 45,000 units of public housing. I know that public housing has some very earnest advocates. Then it has some Members who have a settled aversion to it. But the Members that have a settled aversion to public housing seldom see it, and they have no need for it.

There is a reason why the Senate wanted more low-rent public housing than the House. Every Senator represents a State, and in every State there is some city that needs public housing. The Senate passed the bill authorizing 135,000 units a year for 4 years. We reduced it, because we knew the sentiment of the House and the attack that would be made upon it, to 35,000 a year for 2 years. In the conference we had

difficulty in getting the Senate to agree to the 45,000 units for the very reason that every senatorial district has need for public housing. The Senate conferees desired more public housing than in this report.

It seems to me that 45,000 units is a very inadequate number to be designated as a public-housing program, and will not meet the minimum requirement.

The provisions of the bill are only effective for 1 year. If you want to sabotage the report because of a deep prejudice, you may do it. But, there are other provisions than public housing in this report that are essential to many housing programs, and if you fail to agree to the conference report they will all go down together. Good homes are essential to the happiness and welfare of our people and to the economy of our Nation. So I appeal to you, if you are for the other provisions—if you are for college housing, if you are for farm housing, if you are for the FHA, if you are for insuring the obligations for repairs to keep the houses in decent condition—then vote for this conference report.

The SPEAKER. The time of the gentleman from Kentucky [Mr. SPENCE] has expired.

Mr. SPENCE. Mr. Speaker, I yield 13 minutes to the gentleman from Michigan [Mr. WOLCOTT].

[Mr. WOLCOTT addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. WESTLAND. Mr. Speaker, I would like to call to the attention of the House an omission in the conference report we are considering today, which I believe to be wasteful and against the best interests of our elderly citizens.

Earlier in the session I introduced a bill to allow single elderly persons to occupy public housing units when vacancies exist. The Senate version of the housing bill had a similar provision, which provided that 10 percent of yearly admissions would be allotted to single elderly citizens.

This problem of the older person in straitened circumstances who cannot find housing within his or her income is increasing each year. People are living longer. Longevity in turn increases the number of widows and widowers. Often these persons exist on tiny pensions augmented by limited social-security payments. They are not freeloaders or panhandlers, but often are frugal, thrifty persons whose careful plans for retirement income were led astray by misfortune or the ravages of inflation over the past 20 years.

It is indeed wasteful if we fail to use present housing facilities to give these people a place to live. It would not cost any additional money, nor require any new construction. Rather, it would provide paying occupancy for Federal housing units now standing vacant and help eliminate part of the subsidy for public housing which today amounts to \$87 million a year. In my own second district, there are many units not occupied. There have been many elderly

people, unaware that single persons cannot occupy them, who have attempted to gain admission to these units but who have been denied occupancy because of the present law.

Testimony here today indicates that many public housing units across the Nation have vacancies. It is with deep regret that I see this House consider a housing bill, ostensibly designed to provide for low-income persons, which wastes through nonuse, present facilities while considering the construction of more units.

I attempted, both through amendment and by conversations, to have this law changed so that elderly single persons could be admitted. Because of the haste of Congress to adjourn my proposals were not accepted. I believe that I am right in my contention and that the Congress will eventually recognize the inequities of the present law. I shall press for the acceptance of this provision when Congress meets again next January.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Speaker, obviously those opposing public housing in this bill would like to show how bad the bill is and in order to do that they must resort to giving you misinformation. The Administrator of this program, the President's representative, Mr. Cole, came before our committee and said in so many words you must eliminate the restrictions that tie together public housing and slum clearance, one into the other, or you have an unworkable program. It was at his request we took that limitation out.

This talk about other limitations and other restrictions that are destroyed by this bill is nonsense. There is nothing in this bill which will take away from any locality its right to approve or disapprove public housing. Once the locality has disapproved it, there is nothing that the Administrator of this law can do and nothing in this bill which will give any authority to the Federal Government to override that disapproval.

Mr. OLIVER P. BOLTON. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Ohio.

Mr. OLIVER P. BOLTON. It seems to me that is the crux of the whole debate. As I understand it, the gentleman's position is that the Federal Government should put in public housing unless the locality disagrees?

Mr. MULTER. No. My position is directly to the contrary. My position is that no locality should have public housing unless the locality wants it. If the locality says "No" this bill says "No" and the law says "No."

Mr. OLIVER P. BOLTON. If that is the case why should not the locality say so in accordance with the plan that was drawn up?

Mr. MULTER. That is the plan. The locality must come before the Public Housing Administrator, appointed by the President, and make out a good case for a public housing project. One of

the things they must show is that it is in accordance with local law and has local approval. If there is disapproval, that is the end of it so far as the Federal Government is concerned. Nobody in the Federal Government can say to a locality that has disapproved a public housing project: "You must take it nevertheless" and there is nothing in this bill, no matter what anybody will tell you, there is nothing in this bill, nothing in the law, that will permit any Federal authority to say "You must have public housing," in any area.

Mr. JACKSON. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from California.

Mr. JACKSON. That is very fine on the surface, but the facts of the matter are that public housing has time and time and time again been forced upon cities and municipalities without their consent and against their wishes.

Mr. MULTER. The gentleman is so far wrong it is not funny. No locality has had public housing forced upon it. Even to the extent of permitting a locality to break an existing contract, there has been no public housing foisted on any locality anywhere in this country. Anything to the contrary that may be said to you, notwithstanding, the California situation referred to in order to sustain that argument is a myth. In that case the local community officials had approved the project in accordance with local law before the referendum. After the referendum rejecting the project, the city was faced with the choice of paying damages for breach of the city's—not the Federal Government's, but the city's—contract or completing the project. The city chose to finish the contract. There was no compulsion by the Federal authorities.

Nor is there anything to this talk about \$100 million in this bill for community facilities. Why talk about shortcutting or bypassing the Appropriations Committee? You have done that to the extent of \$22 billion in this law in providing an FHA program for private housing; you have done it for the Commodity Credit Corporation to the extent of \$12 billion. Now you say this bill is bad because you have \$100 million for community-facility loans as against the increase of \$2 billion that we have just authorized for the Commodity Credit Corporation and the increase of \$4½ billion in this bill for FHA private housing.

Those who are opposed to public housing can join with those on my left if they want to kill this bill. But, Mr. Speaker, if they do, there will be no more private FHA housing. The other body has already approved this conference report. If we do not approve it now we are going to stop the entire housing program, which is the backbone of the economy of this country today. The whole building program will come to an end because FHA will then die. You have already given them \$22 billion in lending insurance authority; this bill gives them another \$4½ billion of authority, without which your private housing cannot go on.

There is almost \$1,300,000,000 in this bill for military housing. Do you want that to stop? Then vote against the conference report.

There is another half billion dollars for slum clearance. If you do not want slum clearance vote against the conference report.

Mr. NICHOLSON. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. The question of housing soldiers, sailors, and marines is taken care of in another bill, is it not?

Mr. MULTER. No, it is not. It is not taken care of so far as private housing is concerned as it is done in this bill. There is nothing in any other bill which covers the same subject matter that is covered here. If you want private enterprise doing this job instead of the Government, this is the way to do it.

The argument that there is no proof before our committee of any need for public housing, flies in the face of the record. I say to anyone so arguing, read any of the hearings of the committees of either body. With the exception of the mayor of Los Angeles, the mayor of every city of any size has asked for it and proved the necessity therefor.

The only answer I can give to those who now wish to dispute the recommendations—now part of the printed hearings—of the President's appointees, is that they should stop doubletalking.

The suggestions that this bill should be broken up into two bills, comes with ill grace from members of the Rules Committee who have heretofore insisted on rules waiving points of order on appropriation bills so that public-housing modification and repealer legislation could be swallowed up in such bills. No legislative committee has ever reported any bill repealing public-housing laws. The only successful votes on final passage of bills restricting or repealing public housing came on appropriation bills. Every final vote on authorization bills has favored the continuance thereof.

This bill, as now before us, will permit well over a million units of private housing to be built in the next year. It will permit only 45,000 units of public housing to be contracted for in the same period.

I urge the adoption of this conference report.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. COUDERT].

(Mr. COUDERT asked and was given permission to revise and extend his remarks.)

Mr. COUDERT. Mr. Speaker, I rise with the utmost reluctance when it means expressing disagreement with the distinguished gentleman from Michigan [Mr. WOLCOTT], for whom I have the highest regard and whom I have followed through the years. This is a case, however, where I am forced by circumstances to disagree with him and rise in support of this conference report. I do it because, much as I regret it, I am forced to recognize the desperate situation of housing in the great city of

New York, a part of which I have the honor to represent.

My attention was called this morning, as a matter of fact, to an article that appeared in the World-Telegram on Saturday with this significant heading: "Mr. Average Man Is Being Squeezed Out of New York."

One of the leading builders, Paul Tishman, of New York, goes on to say: "It is almost impossible for a middle-income family to find adequate apartments in New York City."

Well, I know something about that, and it is impossible and something has to be done. Now, I hold no brief for public support of housing except as a dire necessity. Unfortunately I think that circumstances necessarily call for continued action. Everything reasonably possible has got to be done to get this housing crisis straightened away in great cities like New York so Mr. Average Man may continue to live there without slums. I fervently hope that in the not too distant future the need for Government-supported housing may become unnecessary, and to that end I have introduced legislation to provide for Federal income tax exemption for all housing constructed by State-approved limited profit and limited dividend corporations, to the end that private investment may be attracted to low-income and middle-income housing.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. HIESTAND].

Mr. HIESTAND. Mr. Speaker, there are 2 or 3 things that perhaps should be stressed in addition to the very able presentation made by the gentleman from Michigan [Mr. Wolcott]. He did stress, of course, that this positively is not an administration bill, and he documented his statement quoting directly from the President. There are a number of parts in this bill to which the administration objects and objects emphatically. The gentleman cited most of them. However, the most important part, of course, is the 45,000 subsidized public housing units without any restriction as to what or who goes into them.

The gentleman from New York stated that never had any public housing been jammed down any community's throat. In the middle of 1952 Los Angeles had an election, 350,000 votes against public housing and 220,000 in favor of public housing, and yet the Public Housing Authority said, "You shall have it whether you want it or not. You are going to take it." And they gave them 10,000 units. True, we later managed to get 6,000 knocked out of the 10,000 but 440 of the remainder are still in my own district and were completed last January, as of last week, it is still empty and the taxpayers are paying that deficit.

Last year we gave the figure of \$26.90 per month per unit that the taxpayers of the United States are called upon to pay to subsidize public housing units. If the vacancy ratio increases at its present rate, including those we have just mentioned, that figure will go up very decidedly. It could go to \$40 or \$50 per month per unit. The appropria-

tion made several years ago to make up that deficit was \$21 million. It has risen steadily. The request this year to make up the deficit is \$87 million. Where it will go from here, who can tell?

This unrestricted public housing measure, Mr. Speaker, is in my judgment, more important than all other parts of the bill combined. It's socialism in the raw.

The question of 45,000 unrestricted units this year brings the matter down to how the bill was passed last year. You will recall that the administration sent to our committee a bill that they recommended without any units in it. Various people have quoted the President as saying he wanted 35,000 units or that that number was desirable, but we passed a bill without any housing units in it. This House again, as it had done many times in the past, repudiated subsidized public housing. The conference had to admit 35,000 units, but in accordance with the President's wish, it was limited to the victims of slum clearance and urban renewal of which the President is emphatically in favor. This house would never have passed that bill without the restriction in behalf of slum clearance victims.

Mr. FISHER. Mr. Speaker, will the gentleman yield?

Mr. HIESTAND. I yield to the gentleman from Texas.

Mr. FISHER. There has been something said here about the position of the administrator, Mr. Cole, on the restrictive amendment. I have his position here, and if the gentleman will yield for the purpose, I should like to state it; it is very brief.

Mr. HIESTAND. I yield.

Mr. FISHER. I will quote from his statement of July 13, which was contained in the Washington Star. He said that the administration wanted the housing bill to require that—

First. Cities develop approved programs of urban renewal prior to participation in Federal public housing aid.

Second. Public housing be made available only to families displaced by slum clearance projects.

I hope that clears up Mr. Cole's position.

Mr. HIESTAND. I thank the gentleman from Texas. There is this other point upon which this House might want to be refreshed. During the 11 days of testimony during the hearings, no evidence was introduced to show that more public housing was needed. There were no witnesses testifying to that. No evidence was introduced to show the need of added public housing. Actually, the evidence was that most cities did not want it. It was said that many mayors appeared in behalf of it. The number was two. Hundreds of cities do not want it any many have so voted.

I urge this House reaffirm its previous stand against public housing and vote down this report.

The SPEAKER. The time of the gentleman from California has expired.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, when this bill was in the House a few days ago, the Wolcott substitute was adopted, as I remember, by a little over 30 votes. A shift of 15 or 16 votes would have defeated the Wolcott substitute.

At that time I called attention to some of the things the Wolcott substitute did. It left out Wherry housing, for men in the service and their families. The program, of course, is operated by and through private capital. The Department of Defense said that they needed about 110,000 units to meet the problem which confronts them.

I called attention to other important activities that the Wolcott substitute left out. However, the substitute was adopted.

We are now back with the conference report. It seems to me that the conferees have worked very hard and have brought back a conference report which should be adopted. We know that in legislation of this type, with the broadness of the legislation, everyone cannot be satisfied with all the provisions of a bill. Neither am I. I am making sacrifices of some of my views in urging the adoption of the conference report and in voting for it.

It seems to me the conferees have done a very good job under the circumstances. As a matter of fact, I would rather have 45,000 units for 2 years. In relation to the doubt expressed by my friend from Michigan as to whether or not this was confined to 1 year, my understanding is that it is confined to 1 year. There is nothing in the report that would justify a continuance of the program of 45,000 units for a second year.

Much has been said about the position of Mr. Cole. I have here the testimony given by Administrator Cole before the committee, in which he said:

However, the technical legal effect of the requirements, as applied to existing title I slum clearance and redevelopment projects and other circumstances, have had an unreasonably restrictive effect which delayed and prevented, in large part, the use of the new public housing authorization.

That makes it clear that he is dissatisfied with the existing law and that he feels there should be some relaxation. As he says, these requirements have had an unreasonably restrictive effect which delayed and prevented, in large part, the use of the new public housing authorization. The conference report takes care of that situation.

I might say that without regard to how Administrator Cole voted when he was a Member of the House, and we know how his votes were, in my opinion he has done an outstanding job in his present position. I want to commend him publicly. I have consulted with him and his associates on several occasions and I have found very fine leadership under Administrator Cole. So I welcome the opportunity not only because he is a former colleague of ours, one whom I respected, one who consistently voted against public-housing legislation, but because as the Administrator he has with vision and with courage administered the law. I am very happy, I repeat, to have the opportunity of expressing the very

high regard I have for him as Administrator, a regard that I had for him while he was a Member of the House.

There is much more involved in this bill than public housing. I am not going to be one of those who say that no legislation will pass. I would not take that responsibility. But there is always that uncertainty or calculated risk, particularly in the closing days of the Congress such as we are undergoing now. Under the circumstances, I think the conferees have done about as good a job as could be done, and I hope the House will accept and adopt the conference report.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, last week when the bill came in here from the Committee on Banking and Currency, I was so bold as to make a prediction as to what was going to happen. I predicted that the House would vote down the committee bill because we had always voted down public housing in this House. I predicted that the conferees would be appointed and that they would go to the other body and surrender abjectly to the wishes of the Senate and bring back to us a conference report which was in opposition to the record vote of this House. Now that is what has happened this morning. Unfortunately, we are here today, called upon to vote upon a conference report which, though it was agreed to yesterday, for some strange reason has not been printed and you are being asked to vote for something you cannot see. You are threatened now that if you do not take this thing and swallow it whole, without looking at it, that there is not going to be any housing bill. Well, if there is not—that is the responsibility of somebody else—it is not the responsibility of the House of Representatives. You are in the position now of being asked to agree to a bill, which according to the reports which we have been unable to see, is worse than the bill which the House rejected on the record vote just last week. I cannot see how any person who on his conscience and on the principles involved voted against this bill last week can reconcile his conscience to himself and to the people whom he represents by voting for this monstrosity that we have not even been accorded the privilege of reading or seeing. That is what you are up against. I hope that we will stand fast on this matter. Is it so important we should adjourn and go home to sit in the shade that we should surrender on the vital issue of socialism, which is involved in this bill? All there is to this thing is what we discussed last week, namely, that we are being forced to take a bill on public housing in connection with the regular housing bill, when they have always been treated as separate bills, and should not be a part of this bill at all.

It has been said from the beginning when this bill was hung up in the Committee on Rules that if you separate the two things and let each bill stand on its own bottom and on its own merits, as has always been the case, there would be no difficulty about getting the rule

and bringing this matter to the floor of House and discussing it and voting our sentiments on it. Yet, we are not permitted to do that. We are not permitted to vote on the two separate propositions. We are not permitted to see what we are voting on. I want to tell you gentlemen that I read the original bill and there are a lot of things in it which, I assume, are in this conference report and that you would not vote for if you knew what they were. I appeal to those who voted against this thing last week to stand fast today upon the principle involved and vote like you did last week, and not take a worse bill just because it is being crammed down your throat on the last day of the session.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. BROWN].

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Speaker, I did not expect to speak on the conference report, but since the statement by the gentleman from Virginia, [Mr. SMITH], I feel I ought to make some remarks. The conferees, I think, did a pretty good job. The bill as passed by the House provided for no public housing. The other body voted by a large majority vote for 135,000 units a year for 4 years, and 10,000 a year for 5 years, and for 1 year that would make 145,000 units. We came back with only 45,000. That is the best we could do. I believe we did a better job for the House than the conferees did for the other body, so how can anyone say we surrendered? I think I am as honest and sincere as the gentleman from Virginia. When you are in a conference, you cannot always get all you want. You have to give and take. You cannot disregard altogether the views of others. Furthermore, 45,000 units for this country which has a population of 162 million or more is not a great number. I want to say that public housing is the smallest item in this entire bill. Nine-tenths of the bill relates to Title I, FHA insurance, housing for military personnel, etc. We were in conference until 12 o'clock Saturday night and met again yesterday for several hours and agreed on this amount. We reduced the number of units as passed by the other body from 145,000 to 45,000. That is the best we could do. You will not have any bill providing for extension of the Federal housing programs unless this conference report is adopted. I have never been as enthusiastic about public housing as some people, but I repeat this is a small item in this bill.

I shall vote for this report.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. MARTIN].

(Mr. MARTIN asked and was given permission to revise and extend his remarks.)

Mr. MARTIN. Mr. Speaker, there has been some doubt as to the position of Administrator Cole. A half hour ago he issued a statement, and with your permission I will read that statement in full:

HOUSING AND HOME
FINANCE AGENCY,
OFFICE OF THE ADMINISTRATOR,
Washington, D. C.

Housing and Home Finance Administrator Albert M. Cole said today he is standing firm on the President's housing program and will urge the House leadership to have the pending conference report on the housing bill altered to give the President substantially what he has been seeking.

"So far as this Agency is concerned," Housing Administrator Cole said, "we are not willing to compromise on 45,000 new public housing units on a 1-year basis. We want, we need, and we will continue to seek the full 70,000 new public housing units over a 2-year period, as well as the 5,500 uncommitted units left over from the past year's authorization, that the President has requested.

"We also believe it is most important that these units be provided to communities which have assumed their basic responsibility for attacking slums and blight on a large scale, as demonstrated through a comprehensive workable program for this purpose, and which need these units for the rehousing of low-income families displaced by urban renewal activities. The present conference proposal sabotages the President's program by ignoring this vital principle.

"But public housing is not the only concern we have with this conference proposal. It is loaded with so many other objectionable features, such as trailer park financing, a split-up of Government housing coordination by making the Home Loan Bank Board an independent agency, a greatly expanded program of direct Government loans for local public facility construction, and other matters, that it totally distorts the principles and purposes of the administration's objectives. In some respects, it is even more objectionable than the House Committee bill which we also opposed.

"I believe the Congress can and should frame a sound, constructive bill and that the President's recommendations represent that kind of bill."

AUGUST 2, 1955.

I also want to speak in the moment allotted to me of the position of the President.

The President believes in public housing. He sincerely wants public housing to continue. He wants a continuation of FHA because he believes that is essential to the economic growth of this country. But the Congress should not take advantage of the need for FHA to make alterations to the bill that will be injurious to the country.

There is talk here that there will be no bill if this conference report is not adopted now. Let me tell you there will be a housing bill because the President has no intention of letting this agency lapse. If we do not pass suitable legislation at this session, I can vision the calling of a special session whereby we can take care of this bill as well as the roads bill, which are so essential to the economic prosperity of this country.

I, too, question whether this Congress can adjourn without housing legislation. I do not believe sufficient votes to adjourn can be secured without housing legislation. So, Mr. Speaker, let us vote down the conference report, let the conferees—and I agree with the distinguished gentleman from Georgia—they have worked hard, I think they tried to do a fine job, but it is not a satisfactory

job. It contains administrative legislation that is not desirable. They are being written into law under the name of public housing. Let the conferees go back and work again, perhaps after a little extra time and they may be able to bring back the kind of legislation that will be suitable to the President and be most beneficial to the country. Here is a real chance to cooperate with President Eisenhower.

This is not the type of legislation that should be enacted. I trust the report will be voted down. No one need worry we will have a housing bill before we adjourn or we will have a special session to correct the failure.

Mr. SPENCE. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. PATMAN].

COMPROMISE A PART OF OUR PARLIAMENTARY-DEMOCRATIC SYSTEM

Mr. PATMAN. Mr. Speaker, every major law represents a sacrifice of view or a compromise of opinion on the part of practically every Member of the House and Senate. We must give and take in order to have legislation, there is no other way in our democracy in a republic to enact laws.

It has been suggested that we should have had two bills. We were told, when we asked for a rule, that we should bring in two bills. One of the bills would have been title I which provides 9.7 percent interest on housing guaranteed riskless modernization loans. The lenders, the bankers like these loans. They would like you to pass that part and then quit right there; some do not want anything else. If we were to separate the bill and have the 9.7 percent in one part and public housing in the other, I do not believe we would get consideration of the latter.

There was a farmer who went to the drugstore to get two prescriptions filled. He gave specific instructions to the pharmacist; he said: "Be careful with these prescriptions, make sure you fill them carefully and right. One is for my wife and the other is for my cow. I sure do not want anything to happen to that fine Jersey cow."

I am apprehensive that we would have the same situation on the housing bill if we brought two bills in, one that would take care of the private lenders and the bankers, the one with the Government-guaranteed riskless loan at 9.7 percent—that is what it is—and then the other for the people. I do not believe we would have a fair chance of getting one through for the people. So I am in favor of keeping the bankers' part, the lenders' part, and the people's part all together and pass them all at one and the same time. I hope the conference report is adopted.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. ASHLEY] and the gentleman from Illinois [Mr. O'HARA] may extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. ASHLEY. Mr. Speaker, I rise to support the conference report and to urge the Members of this body to consider for a moment the arguments which we heard on the floor of this House late last week.

You will recall that during debate on the Wolcott amendment, which eventually eliminated the 35,000 public housing units each year for 2 years from the Spence bill which had been approved by the House Committee on Banking and Currency, we heard the argument that it was necessary to send such an amended measure to the Senate. The reason, of course, was that the Senate had already passed its housing bill calling for 135,000 public housing units for each of the next 4 years. We were told that if a reasonable public housing program was to come out of conference, the housing bill could contain authorization for no public housing units whatsoever.

Now, Mr. Speaker, the same voices are telling us that the 45,000 public housing units which resulted from the conference committee are far too many, and that the House conferees should have demanded that their Senate counterparts recede to a lower figure.

Mr. Speaker, I respectfully urge that we ask ourselves at this time whether or not we are the kind of country which feels an obligation to provide suitable shelter for those in economic distress. We all know that, at the present time, private enterprise cannot profitably construct adequate and decent homes for the millions of families who are in the lower economic bracket. If we feel no responsibility toward these families, then by all means let us vote against this conference report. But if, as I sincerely believe, we do feel a very deep concern and a very real responsibility for these families, then let us adopt the conference report before us.

Mr. O'HARA of Illinois. Mr. Speaker, I trust that the report of the conferees will receive the approval of the House. Public housing has been a matter of controversy which has been due to the misunderstanding of urban problems by those who live in other surroundings. I trust we are reaching a plane of greater understanding. I was both heartened and inspired by the remarks of the very able and lovable gentleman from Georgia [Mr. BROWN], one of the House conferees. Mr. BROWN has never been an advocate of public housing, largely I think because the pattern of his distinguished and very useful life has not been set in the surroundings upon which the pattern of my life has been set. But when there are honest differences of opinion among sincere and patriotic men sitting as conferees on legislative measures there must always be understanding and from a mutual understanding must come a measure of compromise. To me the great statesman from Georgia was speaking the mind and the heart of America when he urged his colleagues, similarly minded as himself as regards public housing, to accept the compromise.

The gentleman from Georgia comes from a rich agricultural section of our

Nation. Whenever the call came to us from the urban centers of the North to help our colleagues from the agricultural sections in meeting their problems, we sought always to understand and always we responded. Today the gentleman from Georgia has shown that he is trying to understand our urban problems, and he has urged his colleagues from such sections as his to help us meet our problems at least to the extent of the compromise presented by the conferees on the housing bill. I trust that his counsel will be a guide to other Members of this body who in the past have opposed any measure of public housing because the problems of large cities are far away from them.

It is such men as PAUL BROWN who knit closer together the people of our great Nation, knit them closer together in understanding of one another's problems and in cooperation to the achievement of our maximum of development.

The 45,000 units of public housing provided is far below our needs and far below what we had hoped would come from the first session of the 84th Congress. In Chicago, the city from which I come, we have had an increase in population during the last 5 years of over 600,000 persons. Many of the men and women who have come to join their lot with ours are untrained in urban ways. Among them, and I cite this merely to illustrate, are 3,000 American Indians who are leaving the life of the tribes to adjust themselves to the industrial world of the big cities. Three thousand of them have been brought to Chicago, to be residents and neighbors in the great amazing Second Congressional District that I have the honor to represent. They are being brought to Chicago, and we are glad to receive and to welcome them, under the Indian-relocation program that this Congress authorized. We in Chicago have always prided ourselves in being the great melting-pot city of the world. We are happy to continue in that mission, happy again that there has been given us the opportunity to serve as a great melting pot of humanity in a period when the great cities are undergoing great changes.

These great changes are coming to the big cities from many causes. One is the advent of the automobile, which has caused countless blocks of residential and business structures to be torn down to make way for boulevards and super-highways to accommodate great streams of traffic. In every way we are building and rebuilding, and we must have understanding of our problems from those of us in this Congress who live with other problems and know not ours. The great vibrant and dynamic mayor of Philadelphia came before our committee and said that unless there were understanding and more help were given to our cities it would only be a matter of a short time until urban democracy was dead.

Public housing is needed as much in the big cities as is fertilizer in a soil that is losing its fertility. The acceptance of the report of the conferees will mean that we will have authorized 45,000 units of public housing for 1 year. That is not enough, but it will be something.

There can be no backward steps in America's progress toward the time when over every American family will be a decent roof.

Mr. SPENCE. Mr. Speaker, I yield the balance of my time to the gentleman from Alabama [Mr. RAINS].

The SPEAKER. The gentleman from Alabama is recognized for 7 minutes.

Mr. RAINS. Mr. Speaker, I have served on the Committee on Banking and Currency since 1945. I took the place on that committee of a distinguished Alabamian who died in harness here in the House of Representatives, Henry Steagall.

I hail from a section of the Deep South where we do not believe in socialism, and one of the men who stuck strongest by that principle was the man whose picture hangs over the deliberations in the Banking and Currency Committee room, remembered by many of you, Henry Steagall, of Alabama.

The other day, here in the House, as I heard the effort made to brand public housing as socialism, and heard the reference made to Senator Taft, my mind went back to the Deep South and the southern Democrats, because Henry Steagall, a deep, dyed-in-the-wool southerner, was the author of the first public-housing bill. When I hear my esteemed friends from the South, and I do not bow my head to any of them in my feeling for free enterprise, point the finger of scorn at anyone who believes that a man, who is so poor in this world's goods, private enterprise cannot build him a home and make a profit on it, and they are entitled to a profit, and still furnish that unfortunate man and his family a decent place in which to live, I wonder what has happened in these days since Henry Steagall fought, bled, and died for the principle of adequate housing for all—rich and poor alike?

Is our thinking out of perspective? We have read so many of the conflicting reports about public housing, that we have allowed it to become a shibboleth of political preferences. We have allowed ourselves to be sucked into the idea it will get votes if we vote against it, or votes to vote for it. I say to you, in any well-rounded housing program, and that is what I am for, there ought to be some provision made for those who are unable to get a house built by private enterprise. I made a proposition year after year to witnesses who appeared before the Committee on Banking and Currency: Can you build a house that a man with a \$1,800-a-year salary can pay a rent on which will let you make a profit? The answer is "No." The answer is "No" in any city.

I am not going to devote all of my time to public housing. I agree with my friend from Georgia [Mr. BROWN] that is only a minor part of this bill. I listened to the gentleman from Virginia complain about not having the House conference report printed. He knows we are in the closing days of the session. He knows the staffs are working night and day and that the printers are unable to get out even the RECORD of last night's debates. I would like to say to him in all candor we gave the distinguished chairman of the Rules Commit-

tee a bill on July 1. If a rule had been reported promptly we would have had time to debate all the facts, we would have been able to go back to conference and discuss the matter pro and con. I am not going to say the delay is the gentleman's fault, but he was chairman of the committee which handed this bill to us in the closing hours of this session. Then you sent us to conference and the statement is made that we surrendered. We did not. We stayed there until Sunday morning from 4 o'clock in the afternoon the first time. Then we went back and with might and main we pleaded. I can say to you that men like the gentleman from Kentucky [Mr. SPENCE], the gentleman from Georgia [Mr. BROWN], the gentleman from Texas [Mr. PATMAN], the gentleman from Michigan [Mr. WOLCOTT], and myself do not give up too easy. You can find that out from the RECORD, if you will check. We tried to get the House version as nearly as we could.

Then what happens? We are faced with a Senate conference report which last night had one long tough debate to adopt it. Why? Because it did not have enough housing in it. As I said before the Rules Committee, we may not like what the other body does, but we cannot abolish it. We may not like the thinking of the men who control the Banking and Currency Committee on the other side, but you cannot get them out of office now.

Since my esteemed friend from Massachusetts read something for the RECORD, let me read you a quotation. The Senate has accepted the conference report and has discharged the conferees. The chairman of that Senate committee is my esteemed fellow Alabaman, JOHN SPARKMAN. This came in on the ticker out in the lobby a moment ago:

Senator SPARKMAN, Democratic Senate housing leader, told newsmen he would definitely favor a special session of Congress this fall—when it gets cool—if the housing measure is lost in the adjournment shuffle.

SPARKMAN said he would oppose sending the compromise housing bill back to the Senate-House conference committee at this late date. He said he still hoped the House would take the compromise version.

Asked about MARTIN's statement of Presidential displeasure at the community facilities and trailer-park provisions in the bill, SPARKMAN said Congress has "expressed its will very firmly three times" on the former provision, and Senate Republicans, he said, "originated the trailer-park section of the bill. If the President wanted that removed from the bill," SPARKMAN said, "he should have taken it up with members of his own party."

Now, I was in the conference, and I am not releasing information, but this is on the record, and I say it is right. So, I am about to say simply this, I want a well-rounded housing program, one that encompasses title I. Sure I am for it—FHA, community facilities, military housing, loans to colleges, and all the others—and I say bluntly that if the President of the United States wants to veto that bill, let him bear the onus, because this is a good, well-rounded bill. And this hairsplitting idea of my friend from Michigan about some kind of restrictions not being in it—let me tell you

that the gentleman from Texas [Mr. THOMAS] asked a question, but the gentleman from Michigan did not seem to want to give a direct answer. In this bill are all of the restrictions placed there by the Committee on Appropriations and included, in addition, is the Hiestand amendment, the Roanoke amendment, the Phillips amendment, and the Gwinn amendment. So, what are we arguing about? It is either this session or nothing.

The SPEAKER. All time has expired. The question is on the conference report.

Mr. SPENCE and Mr. WOLCOTT demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 187, nays 168, answered "present" 4, not voting 75, as follows:

[Roll No. 147]

YEAS—187

Addonizio	Fogarty	Moss
Albert	Forand	Moulder
Ashley	Forrester	Multer
Aspinall	Fountain	Murray, Ill.
Ayres	Friedel	Natcher
Bailey	Fulton	O'Brien, Ill.
Baker	Garmatz	O'Hara, Ill.
Baldwin	Granahan	O'Konski
Barrett	Grant	Patman
Bass, Tenn.	Gray	Patterson
Becker	Green, Oreg.	Pfost
Bennett, Fla.	Green, Pa.	Philbin
Bennett, Mich.	Hagen	Pilcher
Blatnik	Hand	Preston
Boggs	Harrls	Priest
Boland	Hays, Ark.	Prouty
Bolling	Hays, Ohio	Quigley
Boyle	Hayworth	Rabaut
Bray	Hébert	Rains
Brooks, La.	Heslton	Reuss
Brooks, Tex.	Holmes	Rhodes, Pa.
Brown, Ga.	Holtzman	Riley
Burdick	Huddleston	Rivers
Burnside	Hull	Roberts
Byrd	Ikard	Rodino
Byrne, Pa.	Jennings	Rogers, Colo.
Canfield	Johnson, Wis.	Rogers, Mass.
Cannon	Jones, Ala.	Rooney
Carnahan	Judd	Roosevelt
Carrigg	Karsten	Sadlak
Celler	Kean	Saylor
Chelf	Kee	Scott
Chudoff	Kelley, Pa.	Shelley
Clark	Kelly, N. Y.	Sheppard
Cooley	Keogh	Sikes
Cooper	Kilday	Sisk
Corbett	Kilgore	Spence
Coudert	King, Calif.	Staggers
Cretella	Kirwan	Steed
Curtis, Mass.	Klein	Sullivan
Davidson	Knutson	Thompson, La.
Davis, Tenn.	Lane	Thompson, N. J.
Deane	Lanham	Thompson, Tex.
Delaney	Lankford	Thornberry
Denton	Lesinski	Tollefson
Diggs	Long	Trimble
Dodd	McCarthy	Tumulty
Dollinger	McCormack	Udall
Donohue	McDowell	Vanik
Donovan	Macdonald	Vinson
Dorn, N. Y.	Machrowicz	Wainwright
Doyle	Mack, Ill.	Walter
Edmondson	Madden	Wier
Elliott	Magnuson	Williams, N. J.
Engle	Maillard	Willis
Evins	Marshall	Withrow
Fallon	Metcalfe	Wolverton
Fascell	Miller, Calif.	Wright
Feighan	Mills	Yates
Fernandez	Mollohan	Zablocki
Fine	Morano	Zelenko
Fino	Morgan	
Flood	Morrison	

NAYS—168

Abbltt	Arends	Betts
Adair	Ashmore	Bolton,
Alexander	Auchincloss	Frances P.
Alger	Avery	Bolton,
Allen, Calif.	Bass, N. H.	Oliver P.
Allen, Ill.	Bates	Bonner
Andersen,	Beamer	Bosch
H. Carl	Belcher	Bow
Andresen,	Bentley	Brown, Ohio
August H.	Berry	Brownson

Broyhill	Herlong	O'Hara, Minn.
Budge	Hiestand	Osmer
Burleson	Hill	Ostertag
Bush	Hinshaw	Pillon
Byrnes, Wis.	Hoeven	Poage
Carlyle	Hoffman, Mich.	Poff
Cederberg	Hope	Ray
Chase	Horan	Rees, Kans.
Chenoweth	Hosmer	Rhodes, Ariz.
Church	Hyde	Robeson, Va.
Coon	Jackson	Rogers, Fla.
Cramer	James	Rogers, Tex.
Crumacker	Jarman	Rutherford
Cunningham	Jenkins	St. George
Curtis, Mo.	Jensen	Schenck
Dague	Johansen	Scherer
Davis, Ga.	Johnson, Calif.	Schwengel
Davis, Wis.	Jonas	Scudder
Dawson, Utah	Jones, Mo.	Selden
Derounian	Jones, N. C.	Short
Devereux	Kearns	Simpson, Ill.
Dixon	Keating	Simpson, Pa.
Dondero	Kling, Pa.	Smith, Va.
Dorn, S. C.	Knox	Smith, Wis.
Dowdy	Laird	Springer
Ellsworth	Landrum	Taber
Fenton	Latham	Talle
Fisher	LeCompte	Teague, Calif.
Fjare	Lipscomb	Teague, Tex.
Flynt	Lovre	Thomas
Ford	McCulloch	Thompson,
Frelinghuysen	McDonough	Mich.
Gamble	McIntire	Thomson, Wyo.
Gary	McMillan	Velde
Gathings	McVey	Vorys
Gavin	Mack, Wash.	Vursell
Gentry	Mahon	Weaver
George	Martin	Westland
Gross	Matthews	Wharton
Gwinn	Meador	Wickersham
Hale	Merrrow	Widnall
Haley	Miller, Md.	Wigglesworth
Harden	Miller, Nebr.	Williams, N. Y.
Hardy	Miller, N. Y.	Wilson, Calif.
Harrison, Nebr.	Minshall	Wilson, Ind.
Harrison, Va.	Murray, Tenn.	Wolcott
Harvey	Nicholson	Young
Henderson	Norrell	

ANSWERED "PRESENT"—4

Hess	Smith, Miss.	Utt
Seely-Brown		

NOT VOTING—75

Abernethy	Gordon	Polk
Andrews	Gregory	Powell
Anfuso	Griffiths	Price
Barden	Gubser	Radwan
Baumhart	Halleck	Reece, Tenn.
Bell	Hillings	Reed, Ill.
Blitch	Hoffman, Ill.	Reed, N. Y.
Bowler	Holifield	Richards
Boykin	Holt	Riehlman
Buchanan	Kearney	Robson, Ky.
Buckley	Kilburn	Scrivner
Chatham	Kluczynski	Sheehan
Chiperfield	Krueger	Shuford
Christopher	McConnell	Sleminski
Clevenger	McGregor	Siler
Cole	Mason	Smith, Kans.
Colmer	Mumma	Taylor
Dawson, Ill.	Nelson	Tuck
Dempsey	Norblad	Van Pelt
Dies	O'Brien, N. Y.	Van Zandt
Dingell	O'Neill	Watts
Dolliver	Passman	Whitten
Durham	Pelly	Williams, Miss.
Eberharter	Perkins	Winstead
Frazier	Phillips	Younger

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Holifield for, with Mr. Utt against.
 Mr. Price for, with Mr. Cole against.
 Mr. Anfuso for, with Mr. Colmer against.
 Mr. Dingell for, with Mr. Chatham against.
 Mrs. Buchanan for, with Mr. McGregor against.
 Mr. Frazier for, with Mr. Holt against.
 Mr. Gordon for, with Mr. Siler against.
 Mr. Buckley for, with Mr. Van Pelt against.
 Mr. Bowler for, with Mr. Reed of Illinois against.
 Mrs. Griffiths for, with Mr. Smith of Mississippi against.
 Mr. Perkins for, with Mr. Riehlman against.
 Mr. Baumhart for, with Mr. Tuck against.
 Mr. Christopher for, with Mr. Dolliver against.

Mr. Boykin for, with Mr. Hoffman of Illinois against.

Mr. Seely-Brown for, with Mr. Halleck against.

Mr. Van Zandt for, with Mr. Hess against.

Mr. Dawson of Illinois for, with Mr. Taylor against.

Mr. Dempsey for, with the Dies against.

Mr. Kluczynski for, with Mr. Shuford against.

Mr. O'Brien of New York for, with Mr. Chiperfield against.

Mr. O'Neill for, with Mr. Krueger against.

Mr. Polk for, with Mr. McConnell against.

Mr. Powell for, with Mr. Mason against.

Mr. Sieminski for, with Mr. Williams of Mississippi against.

Mr. Radwan for, with Mr. Sheehan against.

Mr. Gregory for, with Mr. Smith of Kansas against.

Mr. Watts for, with Mr. Gubser against.

Mr. Kearney for, with Mr. Younger against.

Until further notice:

Mr. Winstead with Mr. Clevenger.

Mr. Whitten with Mr. Norblad.

Mr. Abernethy with Mr. Mumma.

Mr. Andrews with Mr. Nelson.

Mr. Passman with Mr. Hillings.

Mr. Eberharter with Mr. Kilburn.

Mr. Durham with Mr. Reed of New York.

Mr. Richards with Mr. Phillips.

Mrs. Blitch with Mr. Pelly.

Mr. Bell with Mr. Robson of Kentucky.

Mr. Barden with Mr. Scrivner.

Mr. SMITH of Mississippi. Mr. Speaker, I have a live pair with the gentlewoman from Michigan, Mrs. GRIFFITHS. I voted "no." Had she been present she would have voted "yea." I withdraw my vote and answer "present."

Mr. SEELY-BROWN. Mr. Speaker, I have a live pair with the gentleman from Indiana, Mr. HALLECK. I voted "yea." Had Mr. HALLECK been present he would have voted "nay." Therefore I withdraw my vote and answer "present."

Mr. HESS. Mr. Speaker, I have a live pair with the gentleman from Pennsylvania, Mr. VAN ZANDT. I voted "nay." If present, Mr. VAN ZANDT would have voted "yea." I therefore withdraw my vote and answer "present."

Mr. UTT. Mr. Speaker, I have a live pair with the gentleman from California, Mr. HOLIFIELD. I voted "nay." If present, the gentleman would have voted "yea." I therefore withdraw my vote and answer "present."

Mr. MERROW changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

(Mr. ALGER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ALGER. Mr. Speaker, I feel that our action, so hasty and ill advised, in just approving the conference report on public housing is a gigantic step forward toward socialism.

We were in a hurry; we were warned of returning for a special session; other necessary features were included in the bill—so the few needed votes went from one side to the other since our decisive last vote against public housing—after all, it was only 45,000 units of public housing.

Any units at all are too many. Further, we now have public housing not in conjunction with slum clearance and

community planning at the local level, but as a measure standing by itself as an accepted part of Federal legislation. Localities may well have public housing forced on them. This is entirely contrary to the expressed vote of the House on so many occasions.

It was not right to tie public housing onto the other needed housing measures in order to expedite its passage. This is dishonest legislative procedure. Of course, we recognize the need for continuing FHA—so in the closing minutes of the session public housing is tied onto FHA and is railroaded through. Is this the responsible, judicious, statesmanlike conduct our constituents expect?

Other features of the bill and this procedure may well be criticized but they are secondary to the grievous miscarriage of Federal power just perpetrated in accepting public housing.

I listened in amazement earlier to a colleague speak of the plight of the average man in New York who needs housing. He appealed to us to help the middle-income family by this bill. Are we now to provide homes for all? Originally, it was for the destitute or very low income. This demonstrates once again how the idea of Federal do-gooding spreads.

What are we doing to our people when we leave the province of limited government outlined by our Constitution and built on the Declaration of Independence? It is not the function of government—we have not so amended the Constitution—to build houses for our people. For example, to consider just one problem thus created, who is to get the housing when built, and what is the wage level beyond which they are not entitled to such housing? To answer these, have we the wisdom to so specify, and the bureaucracy to implement the decisions?

Individual initiative must not be buried under the weight of Federal bureaucracy. We must not kill incentive for an increased pay check because the right to rent public housing might be lost. We must not set up a caste system of those who live in public housing as wards of the Government. The human rights and feelings of our citizens have been violated by this legislation.

In short, we must not have public housing. Either that or we must change our form of government and abandon our time-honored principles. Public housing is part and parcel of socialism—withstanding oratory and demagoguery to the contrary.

We hold that our rights come from God, not from the Federal Government, and that government is an instrument to serve us, not to rule us. Freedom is lost when property rights are lost. There are no property rights in public housing—or in socialism—or in communism. There are such rights in our form of a republic and democracy.

So there is the choice and the time is now—long overdue—to recognize the eternal truths our forefathers embodied in government. Let us free ourselves from socialism. There is no such thing as a degree of socialism with safety. We only weaken our basic strength and beliefs when we mistakenly embrace foreign ideology.

I hope that my colleagues will realize the error of this action today and return to eliminate public housing from the American scene.

GENERAL LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

AUTHORIZING MERGER OF STREET RAILWAY CORPORATIONS (DISTRICT OF COLUMBIA)

Mr. SMITH of Virginia. Mr. Speaker, I call up H. Res. 333 and ask for its immediate consideration.

The Clerk read, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7718) to authorize the Capital Transit Co., under certain conditions, to surrender its franchise, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the District of Columbia, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on the District of Columbia, and all points of order against such committee amendments are hereby waived, and said amendments shall not be subject to amendment. At the conclusion of such consideration, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. SMITH of Virginia. Mr. Speaker, I wonder if the gentleman from Illinois desires to use any time? I rather hope the House will let this resolution pass without too much discussion so we can get down to the bill.

Mr. ALLEN of Illinois. I agree with the gentleman but I do have a few requests for time.

Mr. SMITH of Virginia. I will ask the gentleman to yield the time now.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Missouri [Mr. CURTIS].

(Mr. CURTIS of Missouri asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CURTIS of Missouri. Mr. Speaker in the July 29, 1955, CONGRESSIONAL RECORD, pages 10519-10529, there appear certain charges that there has been political manipulation in the farm program in Missouri. Under the Rules of the House which do not permit criticism to be directed against Members of the other body, it is awkward to refute the charges in detail on the floor of the House. However, it is proper to state that any charges that there has been

political manipulation by the Eisenhower administration in the farm program in Missouri are incapable of proof because they are untrue. I have written a letter to the Secretary of Agriculture, Mr. Benson, which I have made public setting forth in detail a refutation of the charges made with comment as to what the situation actually is.

Certain charges were also made about the large increase in expenses in the ASC program, exclusive of CCC grain storage structures. The following statement shows conclusively that the expenses in

the ASC county offices have decreased with respect to programs where the workload is the same or has declined and has increased only in those cases where there has been additional workload. It demonstrates that the total increases in county expenses is attributable in its entirety to workload rather than the method of operation.

The statement which follows shows the program breakdown of ASC county committee expenses for the State of Missouri and in total for all States for the fiscal years 1953 and 1954:

ASC county committee expenses

Program	Fiscal year		Increase (+) or decrease (-). 1954 over 1953
	1953	1954	
I. STATE OF MISSOURI			
Agricultural conservation and farmland restoration.....	\$829,760	\$718,435	-\$111,325
Agricultural adjustment programs.....	190,202	950,214	+760,012
Loans and purchase agreements.....	131,622	134,054	+2,432
Crop insurance.....	44,208	14,913	-29,295
CCC (other than grain storage structures).....	105,566	824,000	+718,434
Reimbursements.....	16,516	15,338	-1,178
Total.....	1,317,874	2,656,954	+1,339,080
II. TOTAL ASC COUNTY COMMITTEES FOR ALL STATES			
Agricultural conservation and farmland restoration.....	20,977,502	18,156,348	-2,821,154
Agricultural adjustment programs.....	8,627,680	33,869,387	+25,241,707
Sugar.....	285,000	318,108	+33,108
Loans and purchase agreements.....	4,298,236	5,505,107	+1,206,871
Crop insurance.....	1,992,075	545,988	-1,446,087
CCC (other than grain storage structures).....	7,606,404	10,019,297	+2,412,893
Reimbursements.....	493,660	549,129	+55,469
Total.....	44,280,557	68,963,364	+24,682,807

Analysis of these figures indicates that for the only program where the workload was relatively stable, agricultural conservation, the expenditures decreased in 1954.

The increase in expenses for the agricultural-adjustment programs was due to the imposition of acreage allotments and marketing quotas on wheat, cotton, and corn in 1954 which were not in effect for 1953.

The increase in expenses for the sugar program was caused by the imposition in 1954 of proportionate shares on sugarcane.

An increase in the number and amount of CCC loans in 1954 accounts for increased expenses in that year.

The decrease in crop-insurance expenses in 1954 reflects primarily the decrease in workload.

The emergency feed program which was particularly heavy in Missouri accounts for the increase in CCC programs other than grain storage structures.

The wide fluctuations of workloads makes it extremely difficult to segregate savings due to changes of methods of operations, but the agricultural-conser-

vation program, the only program with a relatively stable workload, does show a significant decrease.

Analysis of expenditures for county committeemen, office managers, and chief clerks salaries in the fiscal years 1953 and 1954 indicate, first, that about \$1,200,000 was saved in 1954 over 1953 in the 10 States which had no office managers in 1953; and, second, that about \$1,300,000 was saved in county committee salaries in 1954 over 1953, although the agricultural-adjustment programs required nearly 400 man-years of additional work.

A comparison of 1954 expenses with those for 1953 in a State where there was no change in the method of operations proves conclusively that increased expenses in 1954 were due primarily to increases in workload chiefly the agricultural production programs and the drought emergency programs. This is evident in the statement for Oregon shown below. It should be noted that expenses for the agricultural-conservation program increased in 1954 and that there was no drought emergency program in Oregon in that year.

Oregon ASC county committee expenses

Program	Fiscal year		Increase (+) or decrease (-), 1954 over 1953
	1953	1954	
Agricultural conservation.....	\$213,619	\$230,390	+\$16,771
Agricultural adjustment programs.....	52,991	157,380	+104,389
Sugar.....	5,513	4,936	-577
Loans and purchase agreements.....	87,641	76,343	-11,298
Crop insurance.....	19,098	8,610	-10,488
CCC (other than grain storage structures).....	93,688	68,717	-24,971
Reimbursements.....	4,911	6,324	+1,413
Total.....	477,461	552,700	+75,239

Public Law 345 - 84th Congress
Chapter 783 - 1st Session
S. 2126

AN ACT

All 69 Stat. 635.

To extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing Amendments of 1955". Housing Amend-
ments of 1955.

TITLE I—GENERAL HOUSING AMENDMENTS

HOME IMPROVEMENT LOANS

SEC. 101. Section 2 (a) of the National Housing Act, as amended, Ante, p. 225. is hereby amended by striking "August 1, 1955" and inserting "September 30, 1956".

MORTGAGE INSURANCE

SEC. 102. (a) Section 204 (f) of said Act, as amended, is hereby amended by adding the following paragraph at the end thereof: 48 Stat. 1250.
12 USC 1710.

"Notwithstanding any other provisions of this section, the Commissioner is authorized, with respect to mortgages insured pursuant to commitments for insurance issued after the date of enactment of the Housing Amendments of 1955, and, with the consent of the mortgagee or mortgagor, as the case may be, with respect to mortgages insured pursuant to commitments issued prior to such date, to effect the settlement of certificates of claim and refunds to mortgagors at any time after the sale or transfer of title to the property conveyed to the Commissioner under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom."

(b) Section 207 of said Act, as amended, is hereby amended as follows: 12 USC 1713.

(1) In subsection (a) (1) (B), after the words "residential use", insert "or upon which there is located or to be constructed facilities for trailer coach mobile dwellings";

(2) In subsection (a) (6), before the period, insert the following: "or space in a trailer court or park properly arranged and equipped to accommodate trailer coach mobile dwellings";

(3) In the first proviso of subsection (c) (2), after the words "of this section", insert "or a mortgage on a trailer court or park";

(4) Before the colon immediately preceding the proviso in subsection (c) (3), insert "or not to exceed \$1,000 per space or \$300,000 per mortgage for trailer courts or parks"; and

(5) In the last sentence of subsection (c), after the word "project", insert "may include eight or more family units and".

(c) Sections 207 (c) (1), 213 (b) (1), 213 (c), 220 (d) (3) (B), and 221 (d) (3) of said Act, as amended, are hereby amended by striking out "\$5,000,000" and inserting in lieu thereof "\$12,500,000". 68 Stat. 596,
599.
12 USC 1715e,
1715k, 1715l.

(d) Section 213 (b) (2) of said Act, as amended, is amended by striking out "the estimated value" both times it appears and inserting in lieu thereof "the amount which the Commissioner estimates will be the replacement cost".

(e) Section 213 of said Act, as amended, is hereby amended by adding, in the last sentence of subsection (d), after the words "subsection (a) of this section", the words "may include eight or more family units and".

- Ante, p. 11. (f) Section 217 of said Act, as amended, is hereby amended by striking "July 1, 1954" and inserting "July 1, 1955", and by striking "\$3,500,000,000" and inserting "\$4,000,000,000".
- 12 USC 1715k. (g) Section 220 (d) (3) of such Act, as amended, is amended as follows:
- (1) In subparagraph (A) by striking out "the appraised value" and inserting in lieu thereof "the amount which the Commissioner estimates will be the replacement cost", and by striking out "such value" and inserting in lieu thereof "such cost", and by adding the following proviso before the last semicolon of said subparagraph (A): "*: And provided further, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon appraised value rather than upon the Commissioner's estimate of the replacement cost*"; and
- (2) In subparagraph (B) (ii) by striking out "the estimated value" and inserting in lieu thereof "the amount which the Commissioner estimates will be the replacement cost", and by striking out "value" and inserting in lieu thereof "replacement cost", and by adding the following proviso before the semicolon in said subparagraph (B) (ii): "*: Provided, That in the case of properties other than new construction, the foregoing limitation upon the amount of the mortgage shall be based upon appraised value rather than upon the Commissioner's estimate of the replacement cost*".
- (h) In the performance of, and with respect to, the functions, 12 USC 1715e powers, and duties vested in him by section 213 of the National Housing Act, as amended, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Cooperative Housing, and provide the Special Assistant with adequate staff, whose sole responsibility will be to expedite operations under such section and to eliminate obstacles to the full utilization of such section under the direction and supervision of the Commissioner. The person so appointed shall be fully sympathetic with the purposes of such section.
- (i) Clause (a) of the second sentence of section 227 of said Act, as amended, is hereby amended by striking "under section 221" and inserting "under section 221 if the mortgage meets the requirements of paragraph (3) of subsection (d) thereof".
- 68 Stat. 607. 12 USC 1715r (j) Section 221 (a) of said Act, as amended, is amended as follows:
- 12 USC 1715l. (1) By inserting after the words "in order to assist in relocating families" the following: "from urban renewal areas and in relocating families";
- (2) By striking out the words "to be so displaced" in the first proviso of the second sentence;
- (3) By striking out the words "to be so displaced and" and inserting "referred to above" in the second proviso of the second sentence.
- 68 Stat. 605. 12 USC 1715n (k) Section 223 (a) of said Act, as amended, is amended by striking out "section 203 or section 207" each time it appears and inserting in lieu thereof "section 203, 207, or 213".

FEDERAL NATIONAL MORTGAGE ASSOCIATION

- 68 Stat. 616. SEC. 103. Section 305 of said Act, as amended, is amended by adding at the end thereof the following:
- 12 USC 1720. Advance commitment contracts. (e) Notwithstanding any other provision of this Act, the Association is authorized to enter into advance commitment contracts which do not exceed \$50,000,000 outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 either a commitment to insure or a statement of eligibility; but not more than

\$5,000,000 of such authorization shall be available for such commitments in any one State."

CERTIFICATES OF CLAIM

SEC. 104. Section 604 (f) of said Act, as amended, is hereby amended by adding the following paragraph at the end thereof: 55 Stat. 60.
12 USC 1739.

"Notwithstanding any other provisions of this section, the Commissioner is authorized, with the consent of the mortgagee or mortgagor, as the case may be, to effect the settlement of certificates of claim and refunds at any time after the sale or transfer of title to the property conveyed to the Commissioner under this section and without awaiting the final liquidation of such property for the purpose of determining the net amount to be realized therefrom."

TERMINATION OF TITLE IX OF THE NATIONAL HOUSING ACT

SEC. 105. The second sentence of section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended by striking in clause (a) thereof "designate hereunder" and inserting "designate hereunder or (iii) pursuant to a commitment to insure issued pursuant to the preceding clause (ii)". 65 Stat. 295.
42 USC 1591c.

SLUM CLEARANCE AND URBAN RENEWAL

SEC. 106. (a) Section 103 (b) of the Housing Act of 1949, as amended, is hereby amended by striking "\$100,000,000, which limit shall be increased by further amounts of \$100,000,000 on July 1 in each of the years 1950, 1951, 1952, and 1953, respectively: *Provided*, That (subject to the total authorization of not to exceed \$500,000,000)" and inserting "\$500,000,000, which limit shall be increased by further amounts of \$200,000,000 on July 1 in each of the years 1955 and 1956, respectively: *Provided*, That". 63 Stat. 416.
42 USC 1453.

(b) Section 106 (e) of said Act, as amended, is hereby amended by striking "\$35,000,000" and inserting "\$70,000,000". 67 Stat. 127.
42 USC 1456.

(c) Section 110 (c) of said Act, as amended, is hereby amended by inserting between the first and second sentences thereof the following sentence: "Where land within the purview of subparagraph (1) (ii) or (1) (iii) hereof (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided*, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title." 63 Stat. 420.
42 USC 1460.

SEC. 107. The Territorial Enabling Act of 1950 (64 Stat. 344) is hereby amended— 48 USC 480
note.

(1) by inserting "urban renewal," after "urban redevelopment," in the title;

(2) by inserting "AND URBAN RENEWAL" after "REDEVELOPMENT" in the heading of title I;

(3) by inserting "and urban renewal projects" after the term "urban redevelopment projects" in each place where that term appears in title I;

(4) by inserting "URBAN RENEWAL," after "REDEVELOPMENT," in the heading of title III;

48 USC 1408,
1408b.

(5) by inserting "urban renewal," after "urban redevelopment," in sections 301 and 303;

48 USC 1408c.

(6) by inserting "or urban renewal" after "urban redevelopment" in section 304;

48 USC 480,
721, 910.

(7) by inserting "as amended," after "(Public Law 171, Eighty-first Congress)," in sections 101, 301, and 304;

(8) by inserting "as amended," after "Housing Act of 1949," in the clause numbered "(1)" in section 304; and

(9) by inserting "as amended," after "this Act" in sections 101, 301, and 304.

PUBLIC HOUSING

68 Stat. 623. SEC. 108. (a) Section 101 (c) of title I of the Housing Act of
42 USC 1451. 1949, as amended, is amended by striking out "or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to the effective date of the Housing Act of 1954,".

68 Stat. 630. (b) Subsection (i) of section 10 of the United States Housing
42 USC 1410. Act of 1937, as amended, is hereby amended to read as follows:

"(i) Notwithstanding any other provisions of law the Authority may enter into new contracts for loans and annual contributions for not more than forty-five thousand additional dwelling units during the period from the date of enactment of the Housing Amendments of 1955 through July 31, 1956, and may enter into only such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: *Provided*, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress."

Glastonberry,
Conn.

(c) Notwithstanding the provisions of any other law, the Housing and Home Finance Administrator is authorized to sell and convey all right, title, and interest of the United States (including any off-site easements) at fair market value as determined by him, in and to war housing project CONN-6028, known as Welles Village, containing one hundred and ninety-nine dwelling units on approximately thirty-four and one-half acres of land in Glastonbury, Connecticut, to the Housing Authority of the town of Glastonbury, Connecticut subject to the approval of the legislative body of the town of Glastonbury, for use in providing moderate rental housing. Any sale pursuant to this section shall be on such terms and conditions as the Administrator shall determine: *Provided*, That full payment to the United States shall be required within a period of not to exceed thirty years with interest on the unpaid balance at not to exceed 5 per centum per annum: *Provided further*, That the provisions of this subsection shall be effective only during the period ending 12 months after the date of approval of this Act.

68 Stat. 644.
42 USC 1585.

(d) The Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended, is hereby amended by amending the last paragraph of section 605 (a) to read as follows:

"In any city in which, on March 1, 1953, there were more than ten thousand temporary housing units held by the United States of America, or any two contiguous cities in one of which there were on such date more than ten thousand temporary housing units so held, the Administrator may acquire, by purchase or condemnation,

a fee simple title to any or all lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veteran's housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will tend to expedite the orderly disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, and will tend to expedite the transition of the city from a war-affected community containing, as of said date, a large number of temporary houses to a community having additional permanent, well-planned, residential neighborhoods, (2) the local governing body of the city makes a like finding and requests the Administrator to acquire such title to the land, and (3) the city has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: *Provided*, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding four hundred and twenty-five acres of land in the general area in which approximately one thousand five hundred units of temporary housing held by the United States of America were unoccupied on said date: *And provided further*, That funds for such acquisition by the Administrator, which are authorized, pursuant to subsection (c) of this section and title II of the Independent Offices Appropriation Act, 1955, to be expended from the revolving fund established by that title under the heading "Housing and Home Finance Agency Office of the Administrator, revolving fund", shall be taken into consideration, to the extent that they are needed, in making any determination pursuant to the second proviso under that heading. All or any part of any land so acquired by the Administrator may, during the five year period following the date of its acquisition, be sold by the Administrator, through negotiated sale, to such city or any local public agency where (1) the city or local public agency has represented to the Administrator that it is duly authorized under State law to purchase and resell such land, that such land will be made available to private enterprise for development in accordance with local zoning and other laws, and that the aggregate of such land and any other land in the same city previously sold under the authority of this paragraph to the city or a local public agency will be developed for predominantly residential use, and (2) the city or local public agency has agreed to pay the fair market value of the land as determined by the Administrator, after giving consideration, among other relevant information, to the cost to the Federal Government of acquiring the fee simple title and of holding the land pending sale (including estimated amounts to cover legal and overhead expenses of such acquisition and to cover interest costs to the Federal Government of monies invested in the land pending sale). Any such negotiated sale of land to the city or a local public agency shall be made upon terms which require (1) that the city or public agency shall pay in cash at least one third of the price of the land upon its conveyance and the entire price within one year after its conveyance and (2) that any portion of the entire price not paid upon such conveyance shall be represented by an indebtedness which shall bear interest on outstanding balances at a rate of 4 per centum per annum and which shall be secured by a first mortgage lien upon the land or such portion of

68 Stat. 295.
12 USC 1701g-5.

the land as the Administrator deems adequate to protect the financial interest of the Federal Government. The Administrator may, at any time that he deems it to be in the public interest to do so, dispose, under authority of other provisions of this Act, of any land acquired by him pursuant to this paragraph. Any land acquired by the Administrator pursuant to this paragraph which has not been disposed of within five years after its acquisition shall be disposed of by him as expeditiously as possible in the public interest in accordance with other authority contained in this Act. Notwithstanding the provisions of section 306 of this Act or any other provisions of law, no payments in lieu of taxes shall be made for any tax year beginning subsequent to the date of the acquisition of title to the property by the Administrator."

HOME LOAN BANK BOARD

SEC. 109. (a) The Federal Home Loan Bank Act, as amended, is hereby amended—

47 Stat. 729.
12 USC 1426(i). (1) by striking the first sentence of section 6 (i) and inserting:

"Any member other than a Federal savings and loan association may withdraw from membership in a Federal Home Loan Bank six months after filing with the board written notice of intention so to do, and the board may, after hearing, remove any member from membership, or deprive any nonmember borrower of the privilege of obtaining further advances, if, in the opinion of the board, such member or nonmember borrower (i) has failed to comply with any provision of this Act or regulation of the board made pursuant thereto; (ii) is insolvent: *Provided*, That any member of a bank which is a building and loan association, savings and loan association, cooperative bank, or homestead association shall be deemed insolvent if the assets of such member are less than its obligations to its creditors and others, including the holders of its withdrawable accounts; or (iii) has a management or home-financing policy of a character inconsistent with sound and economical home financing or with the purposes of this Act.";

49 Stat. 294.
12 USC 1427(a). (2) by striking the period at the end of section 7 (a) and inserting a colon and the following: "*Provided*, That the board may by regulation increase the number of elective directors of any Federal Home Loan Bank having a district which includes five or more States to a number not exceeding twice the number of States comprising such district, but such additional elective directors shall be apportioned as nearly as may be practicable in the same manner and order as is provided for the apportionment of elective directors under subsections (c) and (d) hereof: *Provided further*, That there shall be not less than one elective director from any of the States nor more than three elective directors from any of the States in any district referred to in the preceding proviso and in no event shall the total number of elective directors in any one district exceed eleven. The term 'States' as used in the preceding provisos shall mean the States of the Union and the District of Columbia.";

47 Stat. 736.
12 USC 1437.
Federal Home
Loan Bank
Board.
61 Stat. 954.
12 USC 1437
note. (3) by inserting "(a)" after the section number in section 17 and adding at the end thereof a new subsection (b) as follows: "(b) The Home Loan Bank Board which was, pursuant to Reorganization Plan Numbered 3 of 1947, established and made a constituent agency of the Housing and Home Finance Agency shall, from the effective date of the Housing Amendments of 1955, cease to be such a constituent agency and shall be an independent agency (including the Federal Savings and Loan Insurance Corporation) in the exec-

utive branch of the Government: *Provided*, That the functions vested in the Chairman of said board under clause (2) of the last sentence of subsection (b) of section 2 of said reorganization plan are hereby transferred to said board. Notwithstanding any other provision of law, said board, the Chairman thereof except as herein otherwise provided, and the Federal Savings and Loan Insurance Corporation, respectively, shall have and may exercise all functions which they respectively had or could exercise, immediately prior to the effective date of the Housing Amendments of 1955 or immediately prior to the effective date of the Independent Offices Appropriation Act, 1955. Said board shall annually make a report of its operations (including those of the Federal Savings and Loan Insurance Corporation) to the Congress as soon as practicable after the first day of January in each year. The name of the Home Loan Bank Board is hereby changed to 'Federal Home Loan Bank Board'."

68 Stat. 272.
Report to
Congress.

(b) Subsection (e) of section 406 of the National Housing Act, as amended (12 U. S. C. 1729 (e)), is hereby amended by striking the words "Housing and Home Finance Administrator" and inserting in lieu thereof the word "Congress".

Report to
Congress.
68 Stat. 643.

SEC. 110. The Home Owners' Loan Act of 1933, as amended, is hereby amended by striking the proviso at the end of the second paragraph of section 5 (c) and inserting: "*Provided*, That no such loan, unless so insured or guaranteed, shall be made in excess of \$2,500."

68 Stat. 636.
12 USC 1464 (c).

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION ADMISSION FEES

SEC. 111. The National Housing Act, as amended, is hereby amended by striking section 403 (d) and inserting:

"(d) Any institution which applies after the effective date of the Housing Amendments of 1955 for insurance under this title shall pay, in the event its application is approved, an admission fee in such amount as the Corporation shall determine, taking into consideration the total cost of processing all insurance applications."

49 Stat. 298.
12 USC 1726 (d).

COMMUNITY FACILITIES ADMINISTRATION

SEC. 112. Section 702 of the Housing Act of 1954 is hereby amended to read as follows:

68 Stat. 641.
40 USC 462.

"SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain at all times a current and adequate reserve of planned public works the construction of which can rapidly be commenced, particularly when the national or local economic situation makes such action desirable, and (2) to help attain maximum economy and efficiency in the planning and construction of public works, the Administrator is hereby authorized to make advances to public agencies (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided*, That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned: *And provided further*, That advances outstanding to public agencies in any one State shall at no time exceed 10 per centum of the aggregate then authorized to be appropriated to the revolving fund established pursuant to subsection (e) of this section.

31 USC 529.

"(b) No advance shall be made hereunder with respect to any individual project unless it is planned to be constructed within a reasonable period of time, unless it conforms to an overall State, local, or

regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

“(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: *Provided*, That if the public agency undertakes to construct only a portion of a planned public work it shall repay such proportionate amount of the advances relating to the public work as the Administrator determines to be equitable: *And provided further*, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government’s demand for repayment to the date of payment thereof by the public agency.

“(d) The Administrator is authorized to prescribe rules and regulations to carry out the purpose of this section.

“(e) In order to provide moneys for advances in accordance with this section, the Administrator is hereby authorized to establish a revolving fund which shall comprise all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayments and other receipts in connection with advances made under this section. There are hereby authorized to be appropriated to such revolving fund, in addition to the amount authorized by this section as originally enacted, the further amounts of \$12,000,000 which may be made available to the revolving fund on or after July 1, 1956; \$12,000,000 which may be made available to such fund on or after July 1, 1957; \$14,000,000 which may be made available to such fund on or after July 1, 1958; and such additional sums which may be made available from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of \$48,000,000 in undisbursed balances in the revolving fund and in advances outstanding for plans in preparation or for completed plans with respect to projects which, in the determination of the Administrator, can be expected to be undertaken within a reasonable period of time.”

Community
Facilities.
Commissioner.
Compensation.

SEC. 113. Effective upon the date of enactment of this Act the basic rate of compensation of the Community Facilities Commissioner of the Housing and Home Finance Agency shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency.

TITLE II—PUBLIC FACILITY LOANS

DECLARATION OF POLICY

SEC. 201. It has been the policy of the Congress to assist wherever possible the States and their political subdivisions to provide the services and facilities essential to the health and welfare of the people of the United States.

The Congress finds that in many instances municipalities, or other political subdivisions of States, which seek to provide essential public works or facilities, are unable to raise the necessary funds at reasonable interest rates.

It is the purpose of this title to authorize the extension of credit to assist in the provision of certain essential public works or facilities by States, municipalities, or other political subdivisions of States, where

such credit is not otherwise available on reasonable terms and conditions.

FEDERAL LOANS

SEC. 202. (a) The Housing and Home Finance Administrator, acting through the Community Facilities Administration, is authorized to purchase the securities and obligations of, or make loans to, States, municipalities and other political subdivisions of States, public agencies, and instrumentalities of one or more States, municipalities and political subdivisions of States, and public corporations, boards, and commissions established under the laws of any State, to finance specific public projects under State or municipal law. No such purchase or loan shall be made for payment of ordinary governmental or non-project operating expenses.

(b) The powers granted in subsection (a) of this section shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended under this section unless the financial assistance applied for is not otherwise available on reasonable terms, and all securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations or otherwise.

(2) No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of forty years.

(c) In the processing of applications for financial assistance under this section the Administrator shall give priority to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need. As used in this section, a "smaller municipality" means an incorporated or unincorporated town, or other political subdivision of a State, which had a population of less than ten thousand inhabitants at the time of the last Federal census.

FINANCING

SEC. 203. (a) In order to finance activities under this title, the Administrator is authorized and empowered to issue to the Secretary of the Treasury, from time to time and to have outstanding at any one time, in an amount not exceeding \$100,000,000, notes and other obligations. Such obligations shall be in such forms and denominations, have such maturities and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may

40 Stat. 288.
31 USC 774(2).

be issued under such Act, as amended, are extended to include any purchases of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(b) Funds borrowed under this section and any proceeds shall constitute a revolving fund which may used by the Administrator in the exercise of his functions under this title.

GENERAL PROVISIONS

SEC. 204. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsection (c) (2), of the Housing Act of 1950. Funds obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for the administrative expenses of the Administrator in connection with the performance of such functions.

SEC. 205. No loans shall be made under section 108 of the Reconstruction Finance Corporation Liquidation Act (67 Stat. 230), as amended, after the date of enactment of this Act, except pursuant to an application for such loan filed prior to such date.

TITLE III—COLLEGE HOUSING

College Housing
Amend-
ments of
1955.

SEC. 301. Section 401 of title IV of the Housing Act of 1950, as amended, is hereby amended to read as follows:
“SEC. 401. (a) To assist educational institutions in providing housing and other educational facilities for students and faculties, the Administrator may make loans of funds to such institutions for the construction of such facilities: *Provided*, That (1) no such loan shall be made unless the educational institution shows that it is unable to secure the necessary funds for such construction from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title, and (2) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials.

“(b) Any educational institution which, prior to the date of enactment of this Act, has contracted for housing or other educational facilities may, in connection therewith, receive loans authorized under this title, as the Administrator may determine: *Provided*, That no such loan shall be made for any housing or other educational facilities, the construction of which was begun prior to the effective date of this Act, or completed prior to the filing of an application under this title.

“(c) A loan to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and with respect to loan contracts under which loan funds have not been fully disbursed prior to the date of enactment of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (1) $2\frac{3}{4}$ per centum per annum, or (2) the total of one-quarter of 1 per centum per annum added to the rate of interest

paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in subsection (e) of this section.

"(d) To obtain funds for loans under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$500,000,000: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$100,000,000.

"(e) Notes or other obligations issued by the Administrator under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the College Housing Amendments of 1955 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) $2\frac{1}{2}$ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.

40 Stat. 288.
31 USC 774 (2).

"(f) There are hereby authorized to be appropriated to the Administrator such sums as may be necessary, together with loan principal and interest payments made by educational institutions assisted hereunder, for payments on notes or other obligations issued by the Administrator under this section."

Appropriation.

SEC. 302. That subsection (c) of section 404 of title IV of the Housing Act of 1950, as amended, is hereby amended to read as follows:

64 Stat. 80.
12 USC 1749c.

"(c) 'Development cost' means costs of the construction of the housing or other educational facilities and the land on which it is located, including necessary site improvements to permit its use for housing or other educational facilities."

SEC. 303. Section 404 of title IV of the Housing Act of 1950, as amended, is amended by—

(1) striking out subsection (b) and inserting in lieu thereof the following:

"(b) 'Educational institution' means (1) any educational institution offering at least a two-year program acceptable for full credit toward a baccalaureate degree, including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual, and (2) any corporation (no part of the net earnings of which inures to the benefit of any private shareholder or individual) (A) established by any institution included in clause (1) of this subsection for the sole purpose of providing housing or other educational facilities for students or students and faculty of such institution without regard to their membership in or affiliation with any social,

fraternal, or honorary society or organization, and (B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan secured under this title will pass to such institution.”; and

(2) adding at the end thereof the following new subsection:
“(h) ‘Other educational facilities’ means (1) new structures suitable for use as cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, and for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.”.

SEC. 304. This title may be cited as the “College Housing Amendments of 1955”.

TITLE IV—ARMED SERVICES HOUSING MORTGAGE INSURANCE

63 Stat. SEC. 401. Title VIII of the National Housing Act, as amended, is
571. hereby amended to read as follows:

12 USC 1748

et seq.

“TITLE VIII—ARMED SERVICES HOUSING MORTGAGE INSURANCE

“SEC. 801. As used in this title—

“(a) The term ‘mortgage’ means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable; or (2) under a lease for a period of not less than fifty years to run from the date the mortgage was executed; and the term ‘first mortgage’ means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

“(b) The term ‘mortgagee’ includes the original lender under a mortgage, and his successors and assigns approved by the Commissioner; and the term ‘mortgagor’ includes the original borrower under a mortgage, his successors and assigns.

“(c) The term ‘maturity date’ means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

“(d) The term ‘housing accommodations’ means housing designed for occupancy by military personnel and their dependents, assigned to duty at or near the military installation where such housing units are constructed.

“(e) The term ‘personnel’ shall include military and civilian personnel approved by the Secretary of Defense, or his designee, and the dependents of all such personnel.

“(f) The term ‘military’ includes Army, Navy, Marine Corps, Air Force, and Coast Guard.

“(g) The term ‘State’ includes the several States and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

Armed Ser-
vices Hous-
ings Mort-
gage In-
surance
Fund.

“SEC. 802. The Military Housing Insurance Fund created by this section prior to amendment thereto shall hereafter be known as the Armed Services Housing Mortgage Insurance Fund. General expenses of operation of the Federal Housing Administration under this title (including operations with respect to mortgages insured or

to be insured pursuant to this title prior to enactment of the Housing Amendments of 1955) may be charged to the Armed Services Housing Mortgage Insurance Fund.

"SEC. 803. (a) In order to assist in relieving the acute shortage and urgent need for family housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of necessary family housing accommodations for personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed \$1,363,500,000: *And provided further*, That the limitation in section 217 of this Act shall not apply to this title: *And Ante*, p. 636. *provided further*, That no mortgage shall be insured under this title after September 30, 1956, except pursuant to a commitment to insure issued before such date.

"(b) To be eligible for insurance under this title a mortgage shall meet the following conditions:

"(1) The mortgaged property shall be held by a mortgagor approved by the Commissioner. The Commissioner may, in his discretion, require such mortgagor to be regulated or restricted as to capital structure, and methods of operation. The Commissioner may make such contracts with, and acquire for not to exceed \$100 stock or interest in, any such mortgagor, as the Commissioner may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Armed Services Housing Mortgage Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

"(2) The mortgaged property shall be designed for use for residential purposes by personnel of the armed services and situated at or near a military installation, and the Secretary or his designee shall have certified that there is no intention, so far as can reasonably be foreseen, to substantially curtail the personnel assigned or to be assigned to such installation, and (i) shall have determined that for reasons of safety, security, or other essential military requirements, it is necessary that the personnel involved reside in public quarters (*Provided, however*, That for the purposes of this subsection housing covered by a mortgage insured, or for which a commitment to insure has been issued, under section 803 prior to the enactment of the 'Housing Amendments of 1955' may be considered the same as available quarters), or (ii) after consultation with the Commissioner, shall have determined that adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distance of the installation. The housing accommodations shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance, except that the certification of the Secretary of Defense, or his designee, shall (for purposes of mortgage insurance under this title) be conclusive evidence to the Commissioner of the existence of the need for such housing. However, if the Commissioner does not concur in the housing needs as certified by the Secretary, the Commissioner may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund from loss with respect to the mortgage covering such housing. There are hereby author-

ized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guarantee.

Amount of
principal
obligation.

"(3) The mortgage shall involve a principal obligation in an amount—

"(A) not to exceed the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the cost of the property or project as such term is used in this paragraph may include the cost of the land, the physical improvements, and utilities within the boundaries of the property or project);

"(B) not to exceed an average of \$13,500 per family unit for such part of such property or project as may be attributable to dwelling use: *Provided*, That the replacement cost of the property or project as determined by the Commissioner, including the estimated value of any usable utilities within the boundaries of the property or project where owned by the United States and not provided for out of the proceeds of the mortgage, shall not exceed an average of \$13,500 per family unit; and

"(C) not to exceed the bid of the eligible builder of the property or project under section 403 of the Housing Amendments of 1955.

Amortization;
interest. The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe, have a maturity not to exceed twenty-five years, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 per centum per annum of the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release.

Premium
charge.

"(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1½ per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: *Provided*, That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds, upon the presentation of a mortgage for insurance and the tender of the initial premium charge and such other charges as the Commissioner may require, that the mortgage complies with the provisions of this title, such mortgage may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. The Commissioner may reduce the payment of premiums provided for herein.

Failure of
mortgagor
to pay.

"(d) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this title shall be considered a default under such mortgage, and, if

such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Commissioner, within a period and in accordance with rules and regulations to be prescribed by the Commissioner of (1) all rights and interest arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery, the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided for in subsection (e) of this section, issue to the mortgagee debentures having a total face value equal to the value of the mortgage, and a certificate of claim as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default; less the sum of (i) any amount received on account of the mortgage after such date; and (ii) any net income received by the mortgagee from the property after such date.

“(e) Debentures issued under this title shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the Armed Services Housing Mortgage Insurance Fund. Debentures.

“(f) Debentures issued under this title shall be executed in the name of the Armed Services Housing Mortgage Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date of default as determined in accordance with subsection (d) of this section, and shall bear interest from such date at a rate determined by the Commissioner with the approval of the Secretary of the Treasury, at the time the mortgage was accepted for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States or by the District of Columbia, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Armed Services Housing Mortgage Insurance Tax exemption.

Guaranty.

Fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the Armed Services Housing Mortgage Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

Certificate of claim. " (g) The certificate of claim issued by the Commissioner to any mortgagee in connection with the insurance of mortgages under this title shall be for an amount determined in accordance with subsections (e) and (f) of section 604 of this Act, except that any amount remaining after the payment of the full amount under the certificate of claim shall be retained by the Commissioner and credited to the Armed Services Housing Mortgage Insurance Fund.

55 Stat. 60.
12 USC 1739. " (h) The provisions of section 207 (k) and section 207 (l) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that as applied to such mortgages and property (1) all references in such sections to the 'Housing Fund' shall be construed to refer to the 'Armed Services Housing Mortgage Insurance Fund', and (2) the reference in section 207 (k) to 'subsection (g)' shall be construed to refer to 'subsection (d)' of this section.

12 USC 1707
et seq. " (i) The Commissioner shall also have power to insure under this title or title II any mortgage executed in connection with the sale by him of any property acquired under this title without regard to any limit as to eligibility, time or aggregate amount contained in this title or title II.

Validity of insurance contract. " (j) Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgagee for insurance and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

Moneys not needed for current operations. "SEC. 804. (a) Moneys in the Armed Services Housing Mortgage Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of the Armed Services Housing Mortgage Insurance Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

Fees, receipts, etc. " (b) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this title, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Armed Services Housing Mortgage Insurance Fund, shall be credited to the Armed Services Housing Mortgage Insurance Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this title, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and

claims assigned to the Commissioner under this title, shall be charged to the Armed Services Housing Mortgage Insurance Fund.

"SEC. 805. Whenever the Secretary of the Army, Navy, or Air Force determines that it is necessary to lease any land held by the United States on or near a military installation to effectuate the purposes of this title, he may lease such land upon such terms and conditions as will, in his opinion, best serve the national interest. The authority conferred by this section shall be in addition to and not in derogation of any other power or authority of the Secretary of the Army, Navy, or Air Force.

Land leases
on or near
military in-
stallations.

"SEC. 806. The second sentence of section 214 of the National Housing Act, as amended, relating to housing in the Territory of Alaska, shall not apply to mortgages insured under this title on property in said Territory.

Alaska.
12 USC 1715d.

"SEC. 807. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title. In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Armed Services Housing for Mortgage Insurance, and provide the Special Assistant with adequate staff, whose whole responsibility will be to expedite operations under this title and to eliminate administrative obstacles to the full utilization of this title under the direction and supervision of the Commissioner.

Rules and regu-
lations.

"SEC. 808. The cost certification required under section 227 of this Act shall not be required with respect to mortgages insured under the provisions of this title as amended by the Housing Amendments of 1955."

12 USC 1715r.

SEC. 402. Section 305 of the National Housing Act, as amended, is amended by adding the following at the end thereof:

Ante, p. 636.

"(f) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any mortgage (or participation therein) which is insured under title VIII of this Act, as amended by the Housing Amendments of 1955: *Provided*, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$200,000,000 outstanding at any one time."

SEC. 403. (a) The Secretary of Defense or his designee is hereby authorized to enter into contracts with any eligible builder to provide for the construction of urgently needed housing on lands owned or leased by the United States and situated on or near a military reservation or installation for the purpose of providing suitable living accommodations for military personnel of the armed services assigned to duty at the military installation at or in the area where the housing is situated. Any such contract shall provide that each housing unit in the project shall be placed under the control of the Secretary of Defense, or his designee, as soon as the unit is available for occupancy as determined by the Commissioner. Any such contract shall also provide that, except for stock held by the Commissioner, the capital stock of the builder (where the builder is a corporation) be transferred to the Secretary of Defense, or his designee, when the housing has been completed as determined by the Commissioner. Any such contract shall contain such terms and conditions as the Secretary may determine to be necessary to protect the interests of the United States. Before the Secretary shall enter into any contract with any builder as authorized by this section for the construction of housing, he shall invite the submission of competitive bids after advertising in the manner prescribed in section 3 of the Armed Services Procurement Act of 1947.

Construction on
U. S. lands for
military per-
sonnel.

(b) For the purposes of this title, the term "eligible builder" means

62 Stat. 22.
41 USC 152.

a person, partnership, firm, or corporation determined by the Secretary after consultation with the Commissioner (1) to be qualified by experience and financial responsibility to construct housing of the type described in subsection (a) of this section, and (2) to have submitted the lowest acceptable bid.

Acquisition
of capital
stock.

(c) Notwithstanding any other provision of law, the Secretary of Defense or his designee is authorized to acquire the capital stock of mortgagors holding property covered by a mortgage insured under title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, and to exercise the rights as holder of such capital stock during the life of such mortgage and, upon the termination of the mortgage, to dissolve the corporation; to guarantee the payment of notes or other legal instruments required by the Commissioner of such mortgagors; to make payments thereon; and to guarantee and indemnify the Armed Services Housing Mortgage Insurance Fund against loss in cases where so required. All housing facilities placed under the control of the Secretary of Defense pursuant to the provisions of this title shall be deemed to be housing facilities under the jurisdiction of the military department to which they are assigned.

Acquisition
of unim-
proved land,
eto.

SEC. 404. Whenever the Secretary of Defense or his designee shall deem it necessary for the purposes of this title, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings to acquire by condemnation, any unimproved land, or (with the approval of the Federal Housing Commissioner) any housing financed with mortgages insured under the provisions of title VIII of the National Housing Act as in effect prior to the enactment of the Housing Amendments of 1955. Notwithstanding the provisions of any other law, the price paid for any such unimproved land or housing purchased by the Secretary under this or any other law shall be the fair market value of such land or housing as determined by the Secretary on the basis of an independent appraisal, and, in connection with any agreements to purchase such housing, the Secretary of Defense or his designee may assume, or purchase subject to, any such mortgage. Any such condemnation proceedings shall be conducted in accordance with the provisions of the Act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the Secretary, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the courts, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.

40 USC 257.

40 USC 258a.

40 USC 255.

SEC. 405. The Secretary of Defense or his designee is authorized to maintain and operate any housing acquired under this title and

assign quarters therein to military and civilian personnel and their dependents. Appropriations for quarters allowances or appropriate allotments, and rental charges to civilian personnel, may be utilized by the military department concerned for the payment of principal, interest, and other obligations, except those of maintenance and operation, of the mortgagor corporation with respect to such housing projects. Such payments shall not exceed an average of \$90 a month per housing unit and total payments for all housing so acquired shall not exceed \$9,000,000 per month: *Provided*, That, in case of the United States Coast Guard, total payments for all housing so acquired shall not exceed \$90,000 per month.

Use of quarters allowances, etc.

Coast Guard.

SEC. 406. Whenever the Secretary of Defense or his designee determines that it is desirable in order to effectuate the purposes of this title, the Secretary is authorized, without regard to the civil service and classification laws, to procure, by negotiation or otherwise, the services of architects and engineers, or organizations thereof, under such arrangements as he deems desirable, but at an expense not in excess of that permissible under the schedule of fees allowed from time to time by the Public Housing Administration in connection with projects assisted under the United States Housing Act of 1937, as amended. Such services may include the development of plans, drawings, and specifications for family housing under this title and other services in connection therewith: *Provided*, That such plans, drawings, and specifications may include the use on any project to be constructed under this title of alternate materials or alternate types of construction, including prefabrication, that provide substantially equal value and conform to standards established by the Federal Housing Commissioner: *Provided further*, That the Secretary may designate certain sites or parts thereof for family housing to be furnished from prefabricated houses or housing components. Such arrangements may include provision for advance or progress payments, for payment by third parties, for payment by the Government of any such compensation as is not paid for by third parties, and shall include provision for reimbursement by third parties to the Government of any compensation or other expenses paid by the Government pursuant to this section, and may include other provisions for compensation. Any public works appropriations now or hereafter available to the Departments of the Army, Navy, or Air Force or the Coast Guard may be obligated by the respective departments or the Coast Guard for these purposes. Reimbursements to the Government on account of payments made pursuant to this section shall be made to appropriations against which such payments were charged. The Secretary is further authorized to advance or pay to the Federal Housing Administration its "Appraisal and Eligibility Statement" fees in connection with such family housing. The Secretary is further authorized to enter into arrangements by contract or otherwise for eventual acquisition by the Government, without cost to the Government of all right, title, and interest in sites on which housing is constructed pursuant to this title and improvements thereon.

Services of architects and engineers.

50 Stat. 888.
42 USC 1401-1430.

SEC. 407. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of sections 403 through 406 of this Act.

Appropriations.

(b) Any funds heretofore or hereafter authorized to be expended by any of the military departments or the Coast Guard for the payment of allowances for quarters for military personnel may be used for the purposes specified in subsection (a) above.

SEC. 408. Notwithstanding the provisions of section 401 of this Act, the provisions of title VIII of the National Housing Act in effect prior to the enactment of the Housing Amendments of 1955 shall

Prior commitments.

continue in full force and effect with respect to all mortgages insured pursuant to a certification by the Secretary of Defense or his designee made on or before June 30, 1955, and a commitment to insure issued on or before June 30, 1956 or pursuant to a certification by the Atomic Energy Commission or its designee made on or before June 30, 1956, except that the maximum dollar amount for each such mortgage shall be \$12,500,000.

SEC. 409. (a) Wherever the terms "Secretary of Defense" or "Secretary" or "Secretary of the Army, Navy, or Air Force" appear in this title or in title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, they shall be deemed to mean the Secretary of the Treasury in the case of the application of the provisions of this title or of title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, for the benefit of the United States Coast Guard.

(b) Wherever the term "armed services" appears in this title it shall be deemed to include the United States Coast Guard.

TITLE V—FARM HOUSING

68 Stat. 320. SEC. 501. Title V of the Housing Act of 1949, as amended, is hereby further amended as follows:

- 42 USC 1481. (1) In the first sentence of section 511 immediately following the phrase "July 1, 1953" strike out the word "and" and insert at the end of the sentence immediately before the period a comma and the following: "and an additional \$100,000,000 on and after July 1, 1955".
- 42 USC 1482. (2) In section 512, (A) strike out "and 1954" and insert "1954, and 1955", and (B) strike out "and \$2,000,000" and insert "\$2,000,000 and \$2,000,000".
- 42 USC 1483. (3) In section 513, strike out "and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, and 1954" and insert "\$10,000,000, and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, 1954, and 1955".

Approved August 11, 1955.

